Hand Book on SAP FICO Module

For Beginners / Learners

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APPEAL

After completion my certification, I practiced very consistently and studied various books on ERP Projects and implementation activities in depth. I have gone through the Project methodology adopted in my previous project implementation; I tried to make a black and white for the customization activities of a general project. The activities are more or less similar in ERP implementation projects. The small specific requests from the organizations have to deal independently. In India, there is a lacuna in the supply of books for the learners and beginners to understand the product module of this nature. The available books are useful for the senior consultants. Hence I made an attempt to compile the configurations and other relevant information exclusively for the junior consultants who are in the beginning of their profession. I have tried to compile most of the configurations, as a gist of implementation activities. I tried to satisfy the requirements of end to end project in respect of fico module. While preparing this book, I tried to write in my own style, not to reproduce the extracts as it is.

I personally extend my gratitude to my family members, who have given me a good support for this cause. I am thankful to my friends and co consultants who have extended their warmth support to complete this task with in a short span of time.

Author & Consultant.

CONTENTS

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Particulars **Page nos.**

CHAPTER 1

1.1 Introduction.....1
1.2 ASAP Methodology.....3
1.3 R/3 Architecture.....7
1.4 Customization-introduction tings.....12
1.5 Easy access screen.....14
1.6 General settings-country.....16
1.7 General settings-currency.....18
1.8 Define company.....19
1.9 Define company code.....20-21
1.10 Define business area.....24
1.11 Assignments.....25
1.12 Fiscal year definition.....26
1.13 Define posting period variant.....30
1.14 Define field status variant.....33
1.15 Document types and number ranges.....38
1.16 Define posting keys.....40
1.17 Define chart of accounts.....41
1.18 Define account group.....42
1.19 Define retained earnings account.....43
1.20 Creation general ledger account.....44
1.21 List of general ledger accounts.....47
1.22 Define tolerances.....53
1.23 Creation of sample documents-recurring document
1.24 Creation account assignment model template doc
1.25 General ledger enjoy screen.....62
1.26 Parked document.....63
1.27 Reversal document.....64
1.28 Accrual/deferral document.....67
1.29 Clearing function.....69
1.30 Foreign exchange transactions.....72
1.31 Valuation of foreign exchanges transactions…76
1.32 Interest calculations.....78
1.33 Deletion of GL accounts.....85
1.34 Different methods of creation of GL accounts. 86

1.35 Creation of sample accounts-.....87
1.36 Creation of text ids and sort keys.....88
1.37 Creation of work lists.....89
1.38 Cross company code transactions.....90
1.39 Setting up of Global parameters.....91
1.40 Parallel valuations and multiple currencies.....93
1.41 Taxes on sales and purchases.....95
1.42 General ledger planning.....102
1.43 Period end closing and GL reports.....104
1.44 Integration of general ledger component to other components.....105
1.45 Miscellaneous activities.....78

CHAPTER 2

Accounts payables

2.1 Introduction and creation of vendor groups..111
2.2 Creation of number ranges for vendor groups112
2.3 Creation of vendor master records.....114
2.4 Define sensitive fields.....118
2.5 Define tolerances for vendors/customers.....119
2.6 Define document type and number ranges....122
2.7 Down payments.....123
2.8 Payment terms configurations.....125
2.9 Automatic determinations-payment diff &other accounts.....125
2.10 End user activities.....128

CHAPTER 3

Bank Accounting

3.1 Introduction.....133
3.2 Define house banks.....133
3.3 Maintenance of cheque.....134
3.4 Other check related activities and void of checks 135
3.5 Automatic payment programme.....136
3.6 Execution of APP run.....143
3.7 Bill of exchange payable.....146
3.8 Accommodation bill of exchanges.....148
3.9 Bank statement processing.....151
3.10 Lock box configurations.....161

CHAPTER 4

Accounts receivables

4.1 Creation of account groups.....167
4.2 Define no.ranges&screen layouts.....168
4.3 Create master record for customers.....171
4.4 Define document types and number ranges...174
4.5 End user activities.....174
4.6 Incoming payment with assignment mode.....175
4.7 Down payments.....176
4.8 Bill of exchange transactions.....178
4.9 Interest calculation on open items.....182
4.10 Dunning.....187
4.11 Define condition types & access keys.....192
4.12 Define tax codes.....197
4.13 Withholding tax calculations.....200
4.14 Financial statement versions.....206

Integration with material management and sales and distribution

4.15 Introduction &MM organizational units.....208
4.16 Define plant and locations.....210
4.17 Define storage locations.....210
4.18 Organizational units in sales and distributions 212
4.19 Valuation and account assignments mm flow. 216
4.20 Mm transaction keys.....217
4.21 Define accounts for material transactions.....218
4.22 Creation of material master record.....222
4.23 Creation of purchase order.....223
4.24 Goods receipt & invoice receipt.....223
4.25 Sales flow.....226
4.26 Assignment of pricing procedure.....226
4.27 Define accounts for revenue determination....227
4.28 Creation of sales order.....231
4.29 Out bound deliveries.....232
4.30 Billing document.....233
4.31 Payment by cards.....242

CHAPTER 5

Cash journal

5.1 Define cash journal account.....237
5.2 Create business transactions.....238
5.3 Set up print parameters.....239
5.4 Payment by cards.....242

CHAPTER 6

Asset Accounting

6.1 Introduction copy ref. chart of depreciation…253
6.2 Define asset class.....254
6.3 Assign general ledger accounts.....257
6.4 Determine depreciation area for asset class...259
6.5 Depreciation area.....264
6.6 Depreciation key.....268
6.7 Depreciation posting.....271

CHAPTER 7

Controlling

7.1 Introduction and organizational units.....277
7.2 Maintain controlling area.....279
7.3 Maintain number ranges for controlling area documents . 281
7.4 Maintain versions.....282
7.5 Account assignment logic.....283
7.6 Follow up postings.....284

CHAPTER 8

Cost element accounting

8.1 Creation of primary cost element.....289
8.2 Automatic creation of cost element.....291
8.3 Reconciliation ledger.....293

CHAPTER 9

Cost center accounting

9.1 Introduction.....297
9.2 Creation of cost center categories.....298
9.3 Creation of cost center master record.....298
9.4 Cost center planning.....300

9.5 Default assignment v/s automatic assignment303
9.6 Cost center reports.....305
9.7 Activity type master data.....308
9.8 Direct activity allocation.....311
9.9 Manual reposting of costs and line items……316
9.10 Statistical key figures.....318
9.11 Period end closing activities in cost center accounti
.....320
9.12 Accrual calculations.....326
9.13 Overhead calculations in cost center accounting327

CHAPTER 10

Internal orders

10.1 Internal orders introduction.....331
10.2 Define order types.....335
10.3 Define order master data.....336
10.4 Activate budget commitments messages.....338
10.5 Budgeting internal orders.....339
10.6 Calculation interest on capital tied over in internal orders 341
10.7 Period end closing.....348
10.8 Settlement of internal orders to cost center/other objects . 349
10.9 External settlement.....350
10.10 Settlement of AUC to internal orders.....351
10.11 End user activities and reports.....355

CHAPTER 11

Product costing

11.1 Introduction.....361
11.2 Determination of cost of goods sold.....363
11.3 Define work centers.....364
11.4 Define bill of material.....366
11.5 Define routings.....367
11.6 Define over head key.....369
11.7 Define over head group.....370
11.8 Define costing sheet.....370
11.9 Define cost component structures.....375
11.10 Cost estimation with quantity structure.....375
11.11 Cost estimation without quantity structure…376

CHAPTER 12

Profitability Analysis

12.1 Introduction.....379
12.2 Maintain cooperating concern.....381
12.3 Maintain characteristic groups.....385
12.4 Define number ranges for actual data.....387
12.5 Maintain PA structure for direct postings.....388
12.6 Define profitability analysis report.....392

CHAPTER 13

Profit center accounting

13.1 Introduction-profit center accounting.....397
13.2 Maintain controlling area settings.....397
13.3 Define dummy profit centers.....398
13.4 Maintain plan versions.....401
13.5 Create profit centers.....401
13.6 Assignment of profit centers.....402
13.7 Document types for actual posting; number ranges 403
13.8 Maintain automatic assignment of revenue elements 405
13.9 Posting of various sale orders and expenditure & reports 407

CHAPTER 14

Activity based costing

14.1 Introduction-activity based costing.....411
14.2 Create standard hierarchy for activity based costing 413
14.3 Define attributes for activity based costing....414
14.4 Define business process master record.....417
14.5 Business processes planning.....419
14.6 Maintain plan: delta versions.....420
14.7 Post the plan data.....422
14.8 Reposting of data and period end closing activities 425
14.9 Posting of actual data.....425

CHAPTER 15

Investment module

15.1 Introduction of investment module.....429
15.2 Define planning profile for investment.....430
15.3 Define investment programme.....432

15.4 Investment programme planning.....437

CHAPTER 16

Miscellaneous topics

16.1 Follow up posting in controlling area.....443
16.2 Period end closing activities.....444
16.3 Audit information system.....446
16.4 Important transaction codes.....448

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CHAPTER 1

Introduction

Introduction:

In the process of organizational evolutionary changes, computers play a vital role. To achieve the organizational plans, goals, and targets, computerization of its activities is inevitable. In the early computerization days, organizations are used to select the individual soft wear products. These products were replaced the manual environment and helped to improve the performance of an organization in all spheres. The independent soft wears were developed to meet the specific requirement of an organizational activity. The growing requirements prompted for designing new tools. Consequently an organization with multifaceted activities bundled with many independent computer packages. Hence development and maintenance of individual soft wears has becomes a white elephant for the organizations. In addition to the cost concept, the globalization and growing concept of global village, required more than the present set up of individual soft wear applications. In the present Global environment the soft wear should supports cross country functionalities, with the diversified activities.

To meet such demands of the industry, independent soft wear era has taken a new turn with integrated soft wears. The integrated soft wear supports the cross functionalities, multiple languages, and cross country activities, without changing the existing environment and organizational set up as well. The new Integrated Soft wear is coined as an ERP Product or Standard Soft wear products. The Standard soft wear is developed as flexible and universal product to meet the requirement of as many companies as possible. Standardization can be achieved by incorporating the accepted business common laws, international accounting standards, and scientific knowledge of business processes. The Enterprise Resource Planning product caters the requirements of an organization, with a tight integration among all the business processes.

In my own experience, I would like to say the Banking

industry in India is too slow to accept the technological changes in the before 90s. There may be so many reasons in the past. However, Now the Banks in India are ahead to imbibe the technological changes happening around them. Privatization, globalization and liberalizations have brought the drastic changes in the facet of Indian Banking industry. The Big Bank i.e. State Bank India and its associates are the front runners in implementing the ERP product. Now Each Bank in India is following the foot steps of state bank. However, Banks ERP product is an Industry solution Product. The

implementation of Core Banking solutions (ERP>industry specific solution) is taking place in many of the Indian Banks. Many of the banks which are implemented the ERP product are deriving the benefits.

Now our discussion is relating to cross country application soft wears. There are several ERP products are available in the Market. They are mainly

1. **SAP**
2. **ORACLE FINANCIALS**
3. **JDEDWARDS**
4. **BAWN**
5. **EPICORE**
6. **PEOPLE SOFT etc.**

However, at present the most familiar product is SAP only. Hence, in the coming chapters I will discuss about SAP Standard soft wear product SAP only. In the available products, some are cross functional products and some products are industry specific solutions (banking soft wear). Industry Specific Products are designed to meet the business processes of unique business. More or less this type of industries will follow the similar business processes wherever they exists Example Banking industry, insurance, retail solutions etc. Cross functional products are developed as standards soft wears to meet the different type of industry requirements, throughout the world. The standard soft wears can not be used as it status. The Soft wear has to be tailored to the requirement of different industries with the cross country functionalities and with the cross industry business processes. The standard integrated product has to be customized or configured with the specific industry requirements.

We have to set some pre activities to the standard soft wear, before using called Paramertization or so-called Customizing. The organisations' requirement is to be compared with the capabilities and adaptabilities of the standard soft wear before taking up the Customization task. Many organizations do not understand how to represent their organization structures and business processes in the standard soft wears. To take up the

requirement definition task and Customization of Business processes, requires a specialist organization i.e. called Implementation Company. The implementation company selects and forms group with an expert people. This group of People is called a Consultant group. This consultant group has not only expertise in the standard software definitions but also to understand the organization’s structures and business processes. They will

map the structures and business processes of the legacy system to ERP environment. Hence the main role of a consultant is to map up the business processes with the standard soft wear processes and customize the additional requirements if required by the organization. The pre parameterization activities and customization activities are put together is called as an Implementation of Project.

The Implementation of the project is more or less similar for all standard soft wears. In SAP environment also the process of Implementation is similar. Implementation of a project is so easy to discuss but involves a lot complexity and cost. Hence has to be properly planned and monitor project in a systematic procedure. The Consultant team and core team has to define the Deliverable Milestones and accordingly monitor the project. Definition of Milestones in the project is a tough task for sr.consultant and senior executives of the company. Then only we can complete the Implementation task successfully. The total activities and programmes are to be document in a proper way. This document is a guide for implementation of a project. This document is called as **ASAP METHODOLOGY OR SOLUTION MANGER.** It is road map for the consultant, to customize the business processes. The success or failure mainly depends on the methodology we have adopted during the project implementation.

The implementation road map is primarily based on sequential methodology and consists of five phases that are to be executed sequentially. Those are

1. **Project preparation**
2. **Business Blue prints,**
3. **Realization**
4. **Final preparation**
5. **Go live and support.**

While preparing the above road map the consultants has to meet the core team members and interact with the people ascertain the required information relating to the existing process and their requirement in environment.

(Core team is the group of expert people from various functional activates, to represent the company or the front line information providers to the consultants during the project implementation. **For the Project purpose generally the participating companies forms a Steering Committee.** The steering committee vested with the executive powers to define the new

process or modify the process if required. It consists of the people from consulting company as well as implementing company. The steering committee is responsible for the successful implementation of the project. In Each Stage or Process certain activities are defined with time bound intervals. If you follow the pre set time norms in the each stage there will not be" analysis in paralysis "in implementation project. There are no hard and fast common time bound intervals for each project. These are different from one industry to industry and country to country also. Generally the road map is prepared basing on the Principle of Business processes or so- called **As Is Processes**. The new processes are defined in the project as **"To Be Processes**" with proper authorization from the steering committee or from the vested authorities. The consultants do not make the configurations beyond the scope document without proper authorization.

1. Project Preparation:

This is the first phase of implementation of project. In the phase the core component is Project Implementation Planning will be done. The Planning consists of all round activities relating to the implementation activities. Those are mainly defining existing goals and the new goals in the new environment. This is called as a project charter. There will not be any changes to the project charter unless and until the changes are approved by the competent authorities. Besides to the project charter, we have to define the implementation strategy, project standards for procedures and documentation procedures are defined. Apart from the project budget, and project resource planning (hardware requirement planning, technical requirement planning, defining system land scopes in new environment, human resources planning, etc) is also defined in the project preparation. The project goals and objectives, and other requirement definitions and planning and strategies to achieve the defined goals will be approved in the Kick off meeting. Kick Off meeting is the exact starting of implementation of the project. By this time all the members in the implementation team are fully aware of the scope document objectives.

The each phase of the road map concludes at predefined

milestones. The quality checks to be made to the objectives defined for the phase. If the results are properly met with the set objectives, then the project manager from the company side will close the phase and confirms the results. He signed off the phase document having completed in all respects. Then we can go for the 2nd phase i.e. blue print preparation.

2. Blue print preparations:

The objective of the second phase of implementation road map is preparation of Business Blue prints. It is called as a design document for the future r/3 system. Business blue prints are the basic requirement for the 3rd phase of implementation (realization). There is no 3rd phase without Business Blue prints. The blue print for each task will put together as blue print for the project. The project manager will ascertain the status from each consultant member and evaluate to the steering committee, at regular intervals. The time interval for meetings with the members, attending the steering committee meetings, and other project analysis depend on the size of the project.

In the Blue print stage a proper knowledge transfer with core team members is must for effective implementation of the project.

In this phase as is process definition and to be process definition will be made. Accordingly change management to the new type of environment also initiated. System land scopes will also be determined. This is a comprehensive phase. Each area of scope document will be meticulously examined and prepares the best available business process and evolve the training methodologies to under stand the new business process environment is developed.

Last but not the least activity in the 2nd phase of blue print preparation is quality check for blue print preparations. For this purpose SAP provides separate tool for check.

3. Realization phase:

As per the business blue print requirement, and design decision, the activities are realized in the new environment. The realization phase can be concluded in two phases. The Base line and the final configurations. In this stage parameterization or customizations will takes place and ensure its authenticity and finally confirms the realization. Sap enhancements, script forms, and other developments can takes place in this phase of implementation. In this phase structure of an organization will be created and ensures its quality

checks with the blue prints, and preliminary testing by using some test cases also will be done. With the completion of this realization, we can see the silhouette or an organization in the r/3 environment.

In this phase with the help of system administrator proper authorizations,

check limits, duel control set ups and also defined. Final intra module integration test, and training classes for the end users, and training material will be prepared. Finally the routine activity of quality check will be conducted to know whether the milestones definitions are properly met or not. It ensures final acceptance and correctness of the configurations and accepted by the project management.

4. Final Preparation:

The fourth phase is to create a company in new environment in the production system. In this phase further enhancement for user programmes, system administration activities, and Cut- over dates for new environment is defined. As usually, the status and steering committee meetings will be conducted as before. Extensively end user training programmes will be conducted in the form of seminars, work shops, user master records creation and testing data will be processed. And further the system management will be also analyzed extensively.

Final activity testing will be done in the production system. Generally no changes can be made in production system. However, if any minor changes any made must be documented it properly for future reference. Quality checks will also take up in respect of achievement mile stones. In this Phase the Cut-over is the important activity. This will decides the go live and support phase.

5. Go-live and support:

Once the go live i.e. last phase is completed, as consultant, we must provide support in the production run for the end user till the system stabilizes. In this phase the main activity is to extend support to the end user and guiding them to check the data and reports for the requirement and other day to day problems in the new environment. For this purpose we can keep “Hand holding” to give the support for user. Once the system stabilized, the project management prepares for the acceptance of the productive environment by the steering committee or the company management.

End Project: the project should be ended officially at the completion of implementation of project. The project team will be relieved of its responsibility when all

outstanding problems were cleared up or passed on to the help desk.

At finally the end results and business process results are compared and critical assessment of the complete project. These are only gist of the

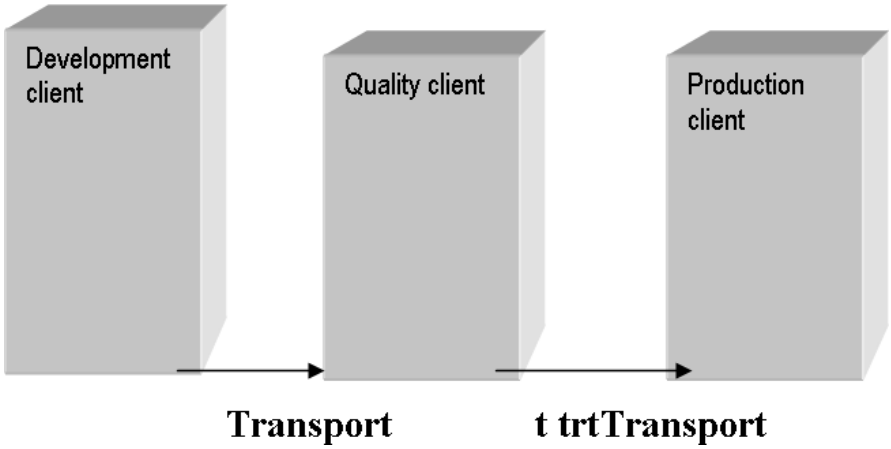
Implementation Road Map or Methodologies for Project implementation. The above methodology is applicable for all types of standard soft wear implementations. Hence the understanding the methodology comprehensively, is said to be completed half of the implementation job. Before going to configuration or customization we need to under stand the R/3 architecture. The R/3 architecture is the future silhouette of an Organization after implementation of the SAP standard softwear.

R/3 Architecture

Before entering into project implementation activities every one of the project related, should at least know the R/3 architecture. It gives an immense knowledge over the implementation activities. The Sap system environment is called as Client Service approach. There are different views to understand the client server approach. The client server may be embedded in a single system or in different systems. As per the requirement of the project we can decide the system environment. Basically there are 3 types of clients are used in the project implementation. The first one is development client, the quality client, and the production client.

The three clients are specified for different activities. The development client is used to do the configurations by the Jr consultants as per the business blue prints. We can make and define the configurations as per the requirements. The configurations will be tested in another client (depending on the system environment) i.e. Quality client. The configurations made in development client will be transported to the quality client with the help of transport management (dealt by basis administration). And the configurations will be checked and ensure that they are in tuned with business blue prints. Once the quality checking is completed, the configurations will be transported from development client to Production client. This is client of end user. Generally no changes can be made to the configurations in this client. In exceptional cases if any changes made has to be documented perfectly ‘as the changes made in Production client’ However, SAP discourages to make changes in

Production client, make the changes in development client and test it quality then again transport to production. This is best business practice of the Implementation. The R/3 architecture can be viewed as the following way. This type of R/3 view is considered as a development view. We can have a birds view over the total development activities in implementation process. Generally a client is considered a work area where the user master data is available or configured.



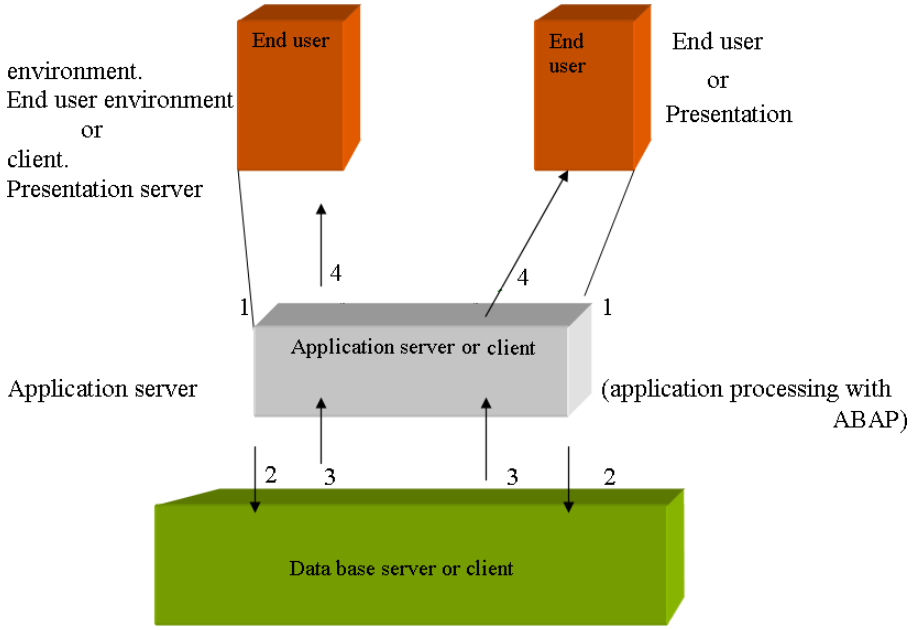
1. Configurations 1. Quality testing 1. Production or permanent
2. Sand box and client for users.
3 Initial testing.

With a view to remember the work areas or the clients, SAP suggested to name the client with 3 character Ids. There are no had and fact system of number of clients. We can name it as per the convenience of the project. However, to maintain the standardization SAP suggests the consultants 000 client name should be accredited to Production client only.

As an application consultant we do the configurations in development client, and ensure the initial quality checking of the configurations as on going process. All configurations have to pass through the quality testing phase in quality client. Here in the quality client all types of testing, like intra module testing, business process tests, integration testing, will be done and finally confirms the customization and integration. Then the customized settings will be transported to production client. Before transporting into production client the final test called User Acceptance Test will be done.

Hard ware view of R/3 Architecture:

The above is called a development view, the view of the R/3 architecture, is hard functionality, or we can the process functionality of information with in the sap environment.



The above diagram is flow chart in R/3 structure. The end user queries first of all processed in the application server (with the help of abap) and sent to data base. (understands only sql language) In turn the data base server responds the queries and sent back the necessary information again to application server in turn to Presentation server. This also can be considered a Client server system with in a client. The flow of information in the diagram is defined with the numeric numbers.

I think the readers of this book, might have got an overview functionality of R/3 architecture by this time. The most complex activity for a consultant is to under the Organizational structure in the legacy system and mapping up with the Organizational units in SAP environment. This is the hard core problem for the jr.consultants. Hence mapping of organizational units and mapping of business process are generally dealt by the senior consultants.

The Implementation approach vs. learning approach: The implementation approach in real time is some what different from the learners approach. However, the end product is same for the two approaches. The Implementation Approach is coined by me as Parallel approach. The Learners Approach is called as Horizontal Approach. If you take up the Implementation approach in

the class room may cause a little bit confusion among the students. Hence I am taking up the Horizontal Approach for the students who have attended for work shops or training classes.

Learners Approach or Horizontal Approach:

Content	Master data	Transactional data	End user activities	Miscellaneous activities
Organizational units	---------	-------	--------	Map up with the legacy system and to create org. units. and global settings.
General ledger accounting →	1.Creation GL master data →	2.Define number ranges, tolerances, posting keys, doc. type, and so on	3.Data postings, and ensure the correctness of settings,	4. Any activity related GL accounting.
Accounts payable And Accounts Receivable →	Definition of groups, no. ranges, and creation of Master records, →	Define doc. type, number ranges, tolerances, payment terms, automatic determinations into calculations,	Processing the data to ensure the correctness of the configurations.	Miscellaneous activities.
Bank accounting →	Creation of bank master record →	Definition of house banks, account ids,and related activities Into calculations,	Define check management and ensure the correctness of settings.	Miscellaneous activities.
Asset accounting →	Creation asset classes,(inlc. Pre act) →	Chart of depreciation, valuation methods, depreciation key and automatic determination of acs	Posting the data to ensure the correctness of the data.	Miscellaneous activities.
General configurations	Defining tax procedures, condition types jurisdiction codes	Define tax codes, and Automatic determination of accounts of tax	Post the data for correct ness	And miscellaneous activities.

In Horizontal approach each component wise master data, transactional data and end user data and related activities will be configured, this methodology is more reachable for the students in class room environment.

Implementation Approach in real time:
In real time the implementation of the project is slightly differs with the horizontal approach. The methodology is mentioned under the table.

Particulars	Organizational units	General ledger accounting	Accounts payable and accounts receivable &Bank	Asset Accounting
1Master data ↓	Definition of organization units, and global settings, in each module	Creation all masters in GL accounting and creation all masters simultaneously by all module consultants.	Creation of All Masters in AR AP and Bank module Creation of all master records in all modules.	Creation of All masters in Asset accounting. And creation of all master records, simultaneously, in all modules.
2Transactional data ↓	Definitions are simultaneously in all modules	Transactional data definition will be done simultaneously in all modules.	Transactional data in all modules simultaneously	Transactional data in all modules simultaneously
3End user data ↓	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules

In the implementation approach is suitable for real time project implementations, all the master records, will be defined simultaneously and useful for automatic assignments and default assignment purposes. And further it is good methodology to ensure the end to end tests and integration tests. Hence this methodology is followed in real time projects. However, the Horizontal Approach is exclusively useful for the class room environment for better understanding of the concepts.

If you familiar even with the horizontal approach method also, we can easily under stand the implementation approach in real time. Hence I used to take the classes in Horizontal approach for the students. Now you are equipped with enough overview for taking up the project configurations as defined below.

As a part of the implementation of ERP we have to choose an experienced implementation partner for a project. The selection of implementation partner will be dealt separately. As far as the implementation of the project, the client company has formed a group of people (Core team) to look after the implementation of the project. This group is called core team vested with predefined goal of project implementation. The Group or Core team (down the line) members are rich in experience in various activities of an organization. The core team represents the organization in the transformation business processes into ERP environment in the organization. These core team will not only interact with the consultant teams but also interact with people within the organization .They will create the suitable environment for change management and smooth sailing of transformation to SAP environment. They are the best resources from the organization to finalize the best business practices and internal business process functionalities of our business. They exclusively deputed for this implementation of the project. The core team is headed by the project manager who has 25 years of experience in cross functionalities. He will be assisted by the IT manager, as far as the IT requirements of the project. The Core team members are also having good functional knowledge in various activities of the company. They can represent the company’s requirements while customization and configuration of business processes in SAP environment.

The success of an implementation mainly depends on the integrity and involvement of the people in the organization. They should try to extract the exploit the required business processes from the consultant team. If they in show any laxity in proactive, the end results of the new product will not come the organization. Besides they have to face lot of problems while dealing with the business transactions in the new environment. It may some times lead to chaos in the organizational work flow.

The consulting company prepares business blue prints by coordinating with the core team. Accordingly the configuration will begins. In the process of configuration every one of the core team members must know the functionalities of sap screens and also the Jr. Consultants ensure the

familiarity of sap screens as under. The first screen is the entry screen through which we enter in SAP environment.

There are two types of screens are there in SAP. One is easy access screen and the other one is IMG screen. Easy access screen is designed to process the day to day business transactions. IMG screen is the purpose of configurations and customization of the business processes. We have to mention the client name in which we are working. This is most important. Generally the configurations will be done in Development client. Hence give the client ID. Give the user name and maximum 8 character pass word. And press enter. You will be taken to new screen

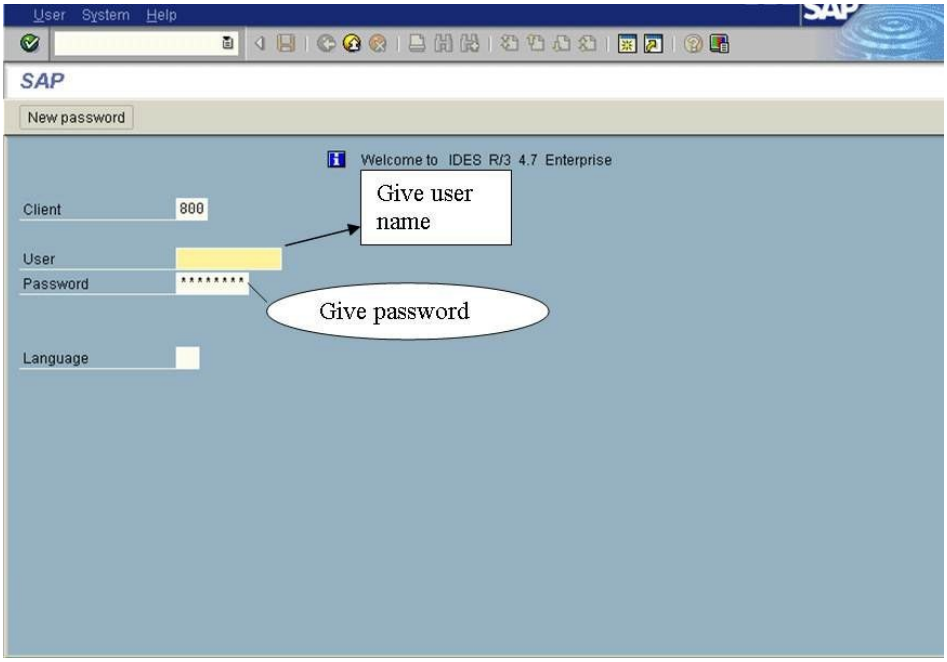


Figure 1

Client: an organizational unit, in which the master data and tables are stored.

Username: this is the name of the person who wanted to enter into sap. It should be predefined by the basis consultant.

Pass word: personal secret code with which user is identified by the system. Language: the language in which the user works on.

Note: we can change the pass word by clicking new pass word option. This can be possible after giving the old pass word only.

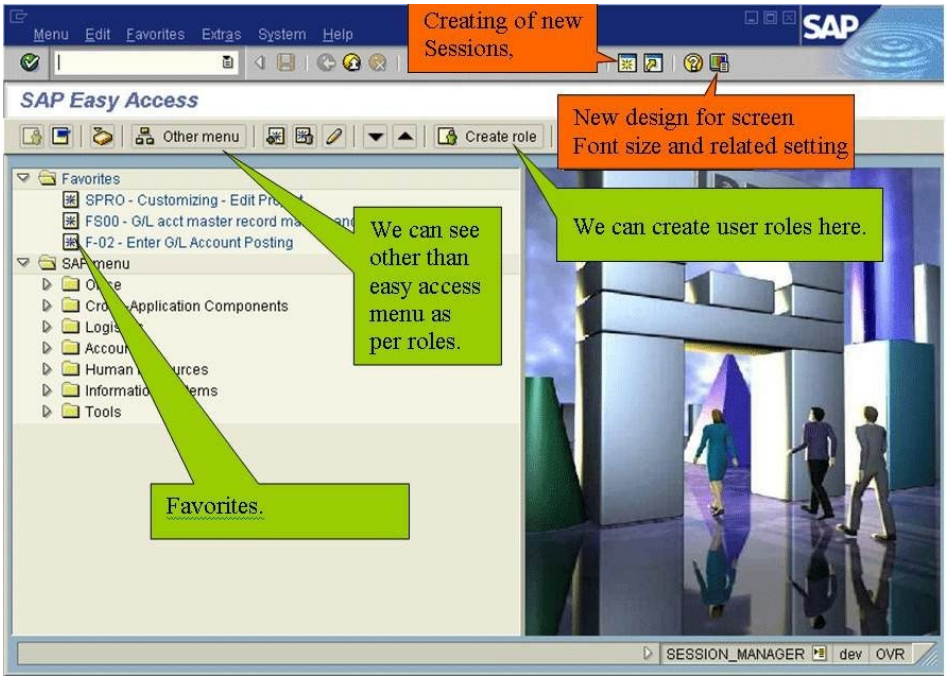


Figure 2

The above screen is called Easy Access Screen. This is the screen from where the end user begins his routine transactions

The screen prompts will be depending on the roles assigned to the user or the defined job to the user in the real time environment. All the options are not displayed to all. This is for security reason and authorization role played by the user in the organization. This is the screen from where the end user performs his roles.

In the Office Menu:

We can set the end user important information as a ready recokner. Besides that we can setup organizational information, business documents, reports, and personal information useful to discharge the roles effectively, and organization unit's information. This is a tool box for the user to discharge his duties efficiently and accurately without much help from the out side environment.

Creation of Favorites: go to menu item favorites>click on either folder or insert transaction give name of the folder or transaction code. Those will appear as in the screen.

The familiarity of the screen settings:

1. **White band is called command field where we have to give the transaction code.**
2. **Title bar: where the screen name generally appears.**
3. **Application tool bar: where the different tools are used to process the information.**
4. **Status bar: this is the bar on help for the screen or messages will be displayed.**

This setting knowledge enables the consultant to execute the work efficiently. These are not directly related to configurations; however, act as helping aid to the consultants in real time.

However, it is not pertinent to the consultant to take up the configuration settings as per the project requirement definitions. The screen from which the consultant will work is called Implementation guide screen i.e. IMG screen. The following are the ways to reach the area of operation.

There are two ways to enter into other work areas: 1.navigation method 2.transaction method

Navigation method: tools>customizing>img>spro edit project>sap reference img> display img (implementation guide)

Transaction code method: in Sap every screen is identified with transaction code. We have to give the transaction code in command field. Example: spro is the transaction code for entering to sap reference img screen and press enter it will takes directly to sap reference img screen.

Creation of favorites: Go to menu item favorites>select create: create folder or transaction. Select the required option. Selected one will be displayed as above.

General information: 1.while transacting in sap the system used to give 3 types of messages in 3 different colors. 1. Red: error message: 2.yellow: warning message: 3. Green: ok message.

If you got yellow messages, you can skip that message by pressing enter button. But if you got error messages, you have to identify the mistake and rectify it, and then only the system allows further information.

To go to IMG screen we can use either navigation method or transaction code SPRO. It will take to edit project screen. In real time the project manger prepares the project details and objects in the sap environment. The screen will appear as under.

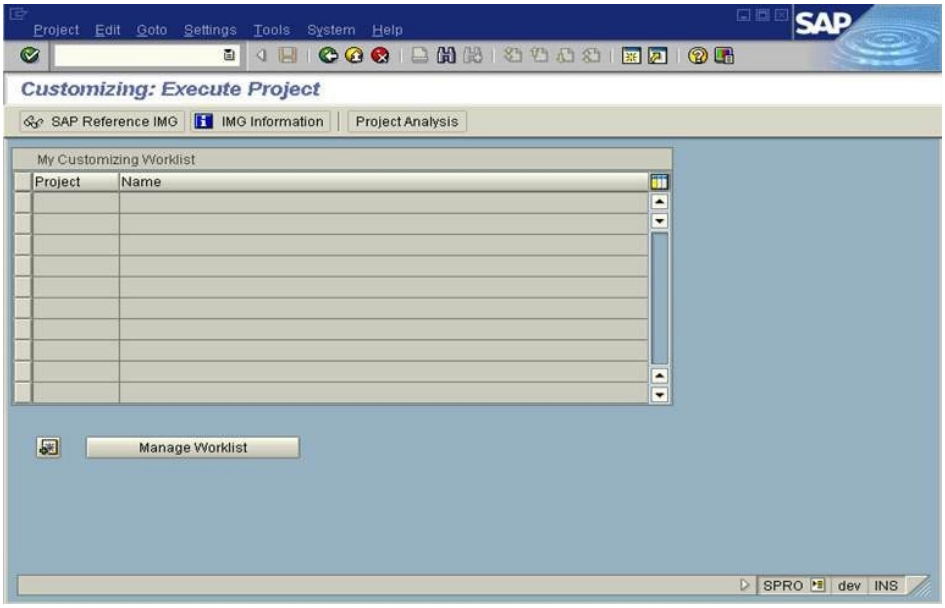


Figure 3

In the IMG information we will find the sap releases up to the date information. In the project analysis we can maintain the project details for the information. SAP reference IMG is defaulted with the soft wear which includes all modules whether you implement in the project or not. We can prepare own IMG for project requirement. Those are Enterprise IMG and Project IMG. Enterprise IMG refers all the modules which are going to be implemented as a whole. The Project IMG refers the exact the modules implementing during this implementation. However, we can configure from any of the IMGs. Once you double click on the reference img, takes you to the IMG screen. in the IMG screen we first ensure the general settings as under

ENSURE GENERAL SETTINGS:

Before proceeding further customization we have to ensure general settings available in the system. If any changes you want set you can set it as per the requirement of the project.

1.Set countries: click on position button give country code IN and continue. You will be prompted with country details. Ensure them and save it. If you want configure the regions you can define regions in sap environment.

16

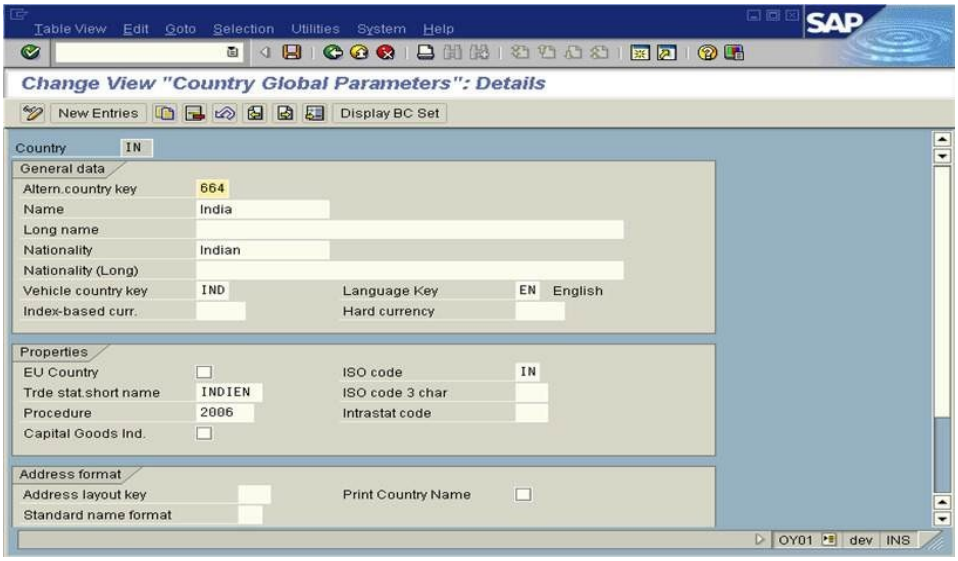


Figure 4

Alternative country key is the used to identify the country by SAP. ISO code is the code accredited by the international standard organization to identify the country.

Procedure is the tax calculation procedure for the country. We can the alternative currencies

Maintain for the country. In the country definitions we can set hard currency and indexed based currency if the project requires.

Set specific country specific checks:

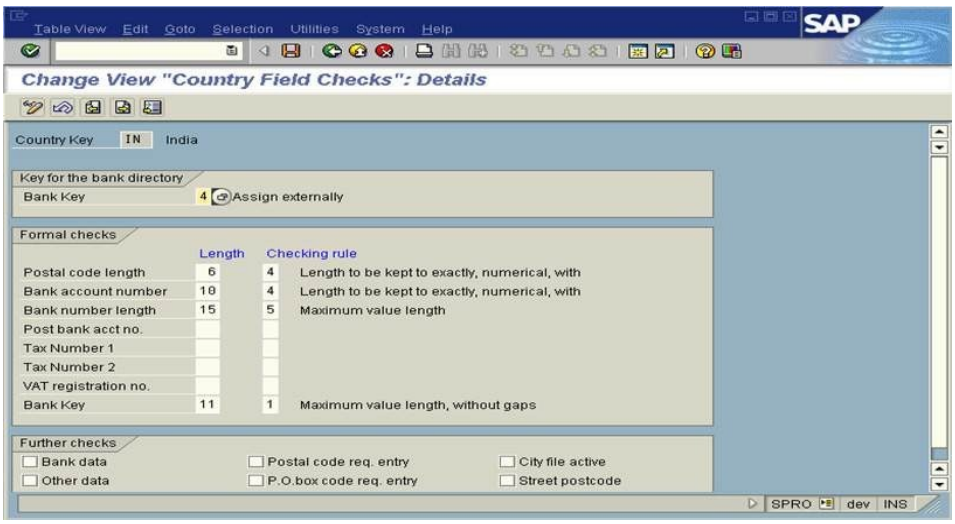


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Country Field Checks": Details
Country Key IN India
Key for the bank directory
Bank Key 4 Assign externally
Formal checks
Length Checking rule
Postal code length 6 4 Length to be kept to exactly, numerical, with
Bank account number 18 4 Length to be kept to exactly, numerical, with
Bank number length 15 5 Maximum value length
Post bank acct no.
Tax Number 1
Tax Number 2
VAT registration no.
Bank Key 11 1 Maximum value length, without gaps
Further checks
Bank data
Postal code req. entry
City file active
Other data
P.O.box code req. entry
Street postcode
SPRO dev INS

Figure 5

in this configuration generally we set the postal length and bank account number and bank key Digits, these are important checks to ensure before start up the real time projects.

2. Ensure currencies in the system: Path: general settings-set currencies.

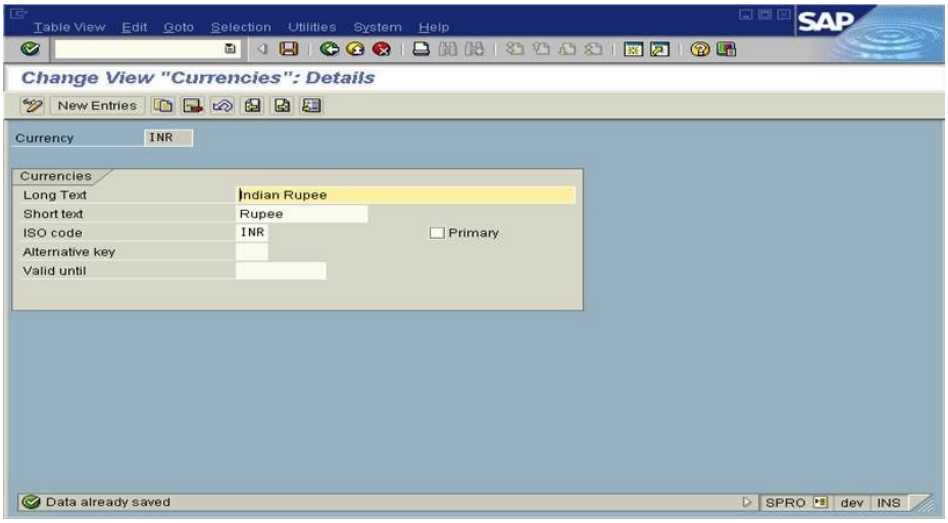


Figure 6

Currency key is 3 characters key.
If no validity is mentioned treated as maximum validity period.

Define regions: general settings-set countries-insert regions: We can define the regions, states, or province as per the requirement of the project. These

Regions are more useful in defining the tax jurisdiction codes in the tax structure:

Mapping of the Organizational units: And configuration of organizational units.

This is one of the complex activities of the consultant. If you map the legacy system organizational units to SAP environment properly paves a smooth way for the configuration in the later stages of the project.. While going for the actual configuration we must understand the organizational units and structure of an organization well. Then only we can configure into sap environment. For that purpose we have to discuss with the company core team and finalize the structure of an organization in sap environment. Then only we can begin the

configuration. The first step in the project implementation is define a company as under

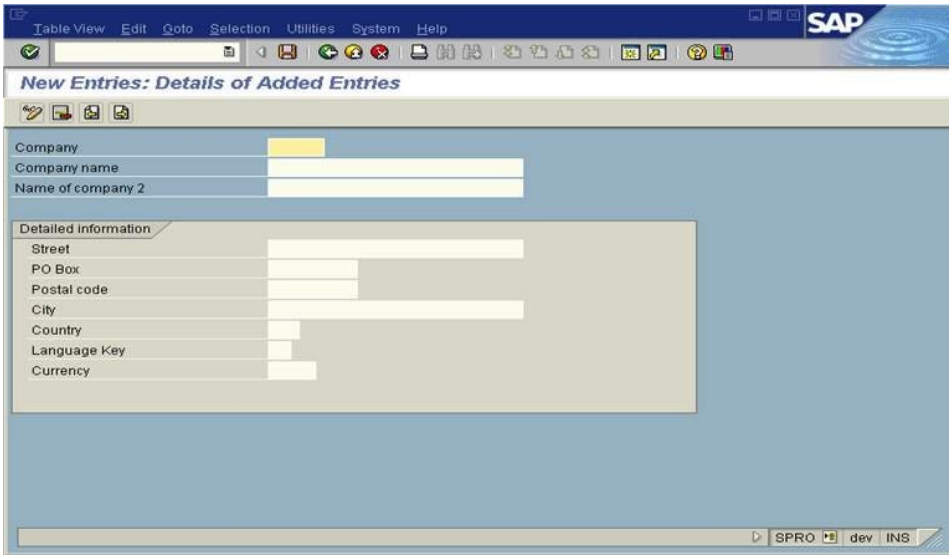


Figure 7

Path: enterprise structure>definition>financial accounting>company: TC 0X15

In the process of implementation of the project we have to begin with a definition of a company i.e. group company. It is a six character code.

1. Give company code: 200006(six character code)
2. **Company name:** Satya InfoTech pvt ltd(it is considered as Group Company) it is optional only.
3. If second name is there for a project give otherwise make it as blank only
4. Under detailed information give the street name

Give the p.o box number and street (optional) Postal code with:
6 character number
City: give city name
Country: give the name of the country in which the project is being implemented, the country which are mentioned is called as local country or home country.

Language key: give the language key (for help press f4 for possible entries list display) select the language from it

Currency: give the currency in which the transactions are being maintained for the group company.

After the details select control+s or save Button. Data was saved. Message will be displayed. The screen will appear as under.

Definition of the group company is optional only. The next step is to create a company code. The definition of company is code is an independent organizational unit which has its own set accounting books and obliged to prepare financial statement under statute of law. The definition of the company code is mandatory. It is 4 character key or code. The screen is appears as under

PATH: enterprise structure>definition>financial accounting> edit copy delete company code: TC: ox02.

A small window will be displayed and double click on edit company code data: select new entries button to create a new company code for which you are taking the implementation.

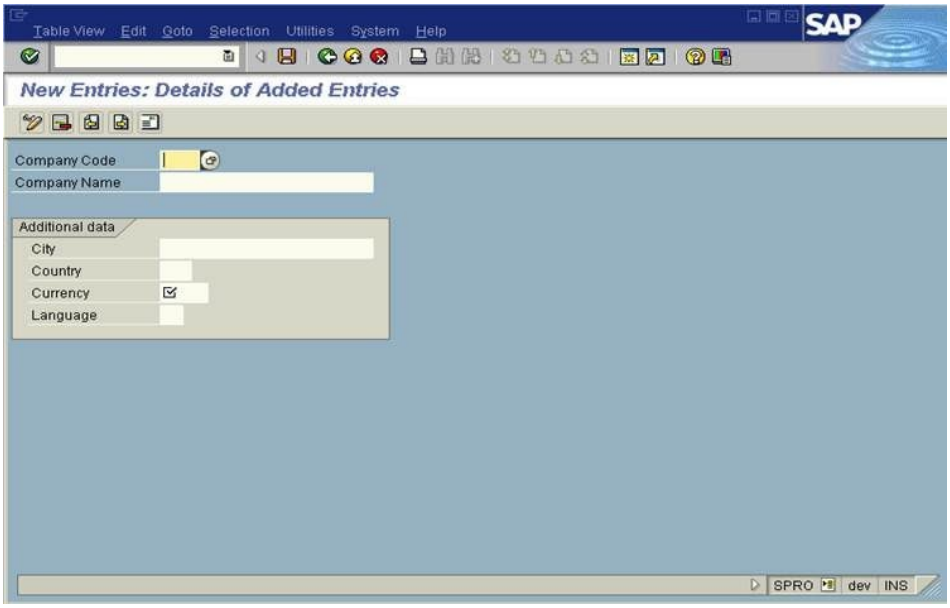


Figure 8

1. Company: give 4 character code of the company: 2006
2. Name of the company: give the name of the company: Satya InfoTech pvt ltd
3. Under additional data give city Name: Vijay Wada
4. Currency: INR the currency what we are mentioning is called home currency or local currency
5. Language: give the language key: EN

For above 3 to 5 columns press f4 to get the help of possible entries. You can select the code form the list. After giving the details save the data.
.After saving the data the system prompts for another screen for full address details of the company. Give all the details and select continue button. The screen will appear as under

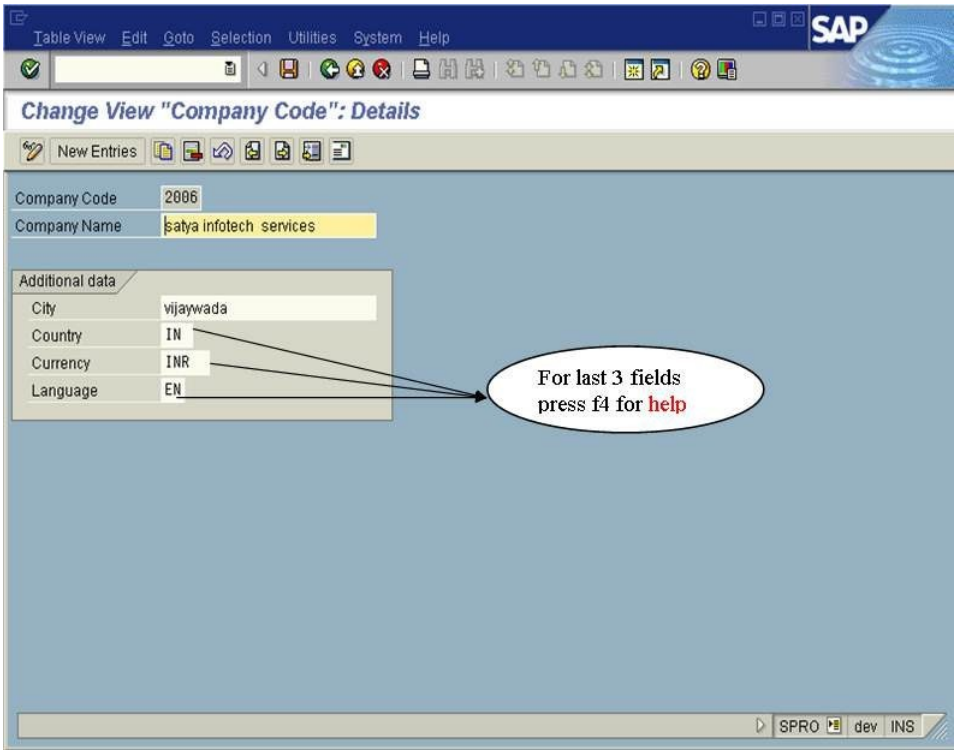


Figure 9

Give the company code and other details. After saving the data the system displays address data screen in which you have to give the full details of the company in all aspects.

Define credit control area: path: financial accounting-definition- enterprise structure- defines credit control area: TC: OB45

Credit control area configurations are commonly shared by the sales and distribution consultants and fico consultants. Some of the configuerations are to be made in SD module. Hence it may be considered as mixed concept of FI and SD consultants.

Click on new entries button;

Give 4 character code: 2006 description: credit control area for:

2006

Update: with this data the system updates the credit limits of customer. For example to update the credit limits at order delivery or billing documents. We can select any option as per the request of the company.

Give the fiscal year variant:20 the screen appear as under:

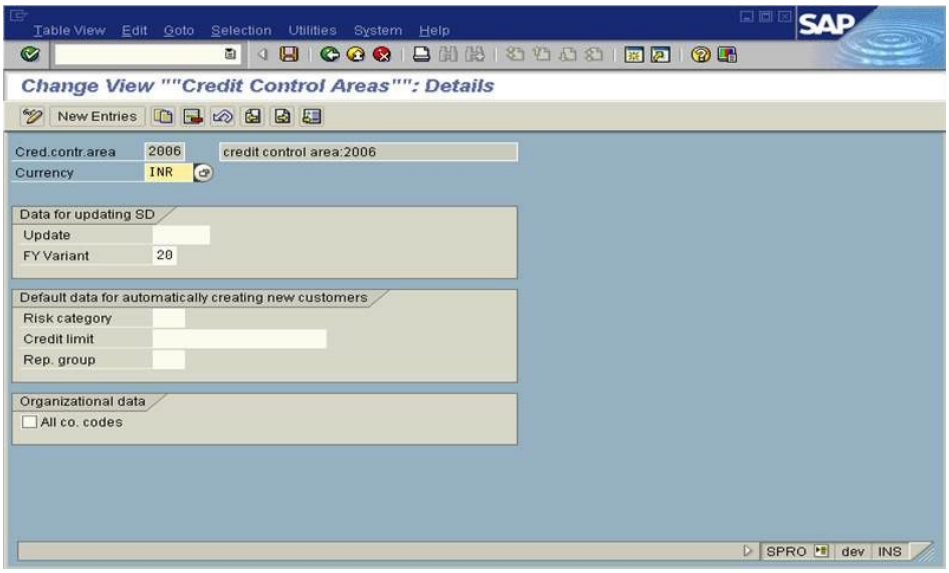


Figure 10

Risk category: we need to define the risk category of different nature and assign them to the credit control area.

Credit limit: we have to maintain the credit limits for customers individually.

If you select all company code check box the credit control area is applicable for company codes.

And save the data.

Define Functional Area: path: enterprise structure-definition-financial accounting-define functional area:

Functional area is the concept of knowing the organizational expenses incurred basing the activities. The activities may be administration, production, and marketing, like those. This concept is useful to know the profits basing on the cost of sales accounting concept. If the company is following the cost of sales accounting concept we need to define the functional area and assign

properly in the various masters.

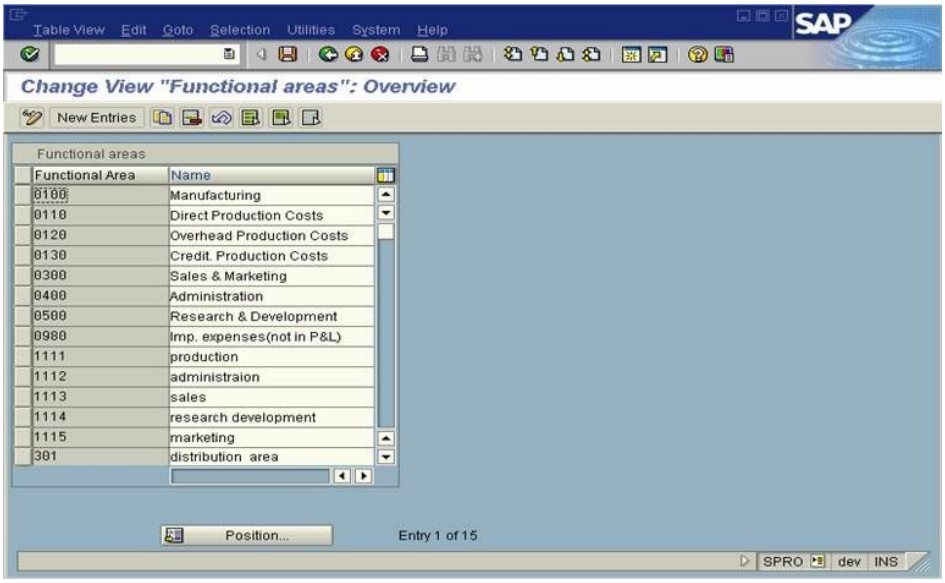


Figure 11

Define the various functions with 4 character ids and save the data. Define financial management area: path is same as above:

Financial management is useful in funds management and to forecast the cash budgets for the organization. If the organization is following up the treasury module to manage their funds efficiently, we need to define this organizational unit.

Click on new entries button

Give 4 character id for the financial management area; and give the description and save the data.

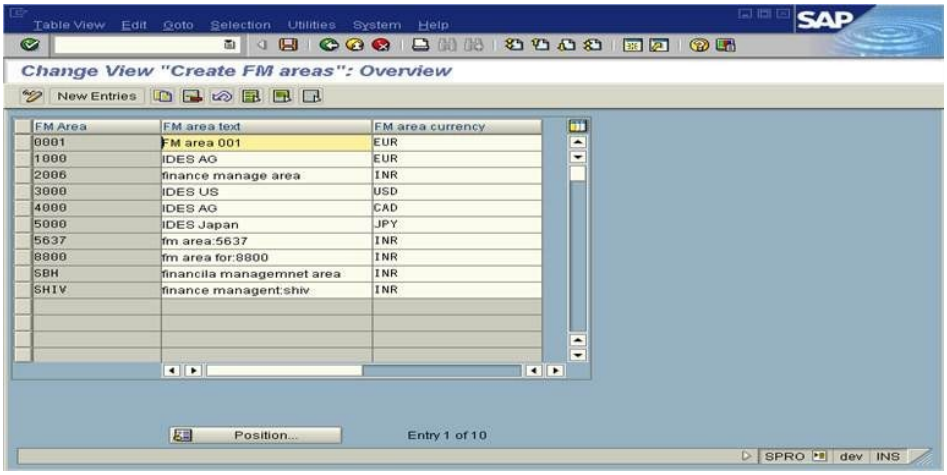


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Create FM areas": Overview
New Entries
FM Area | FM area text | FM area currency
0001 | FM area 001 | EUR
1000 | IDES AG | EUR
2006 | finance manage area | INR
3000 | IDES US | USD
4000 | IDES AG | CAD
5000 | IDES Japan | JPY
5637 | fm area:5637 | INR
8800 | fm area for:8800 | INR
SBH | financila managemnet area | INR
SHIV | finance managent:shiv | INR
Position...
Entry 1 of 10
SPRO dev INS

Figure 12

Give the financial management area
currency. Define business area:
Path: same is above: TC: OX: business area is the area of responsibility, within the company code
Give the business area code: 4 character code:
2006(alpha numeric you can give)
Give the description of the business area: Business area for the company code: 2006

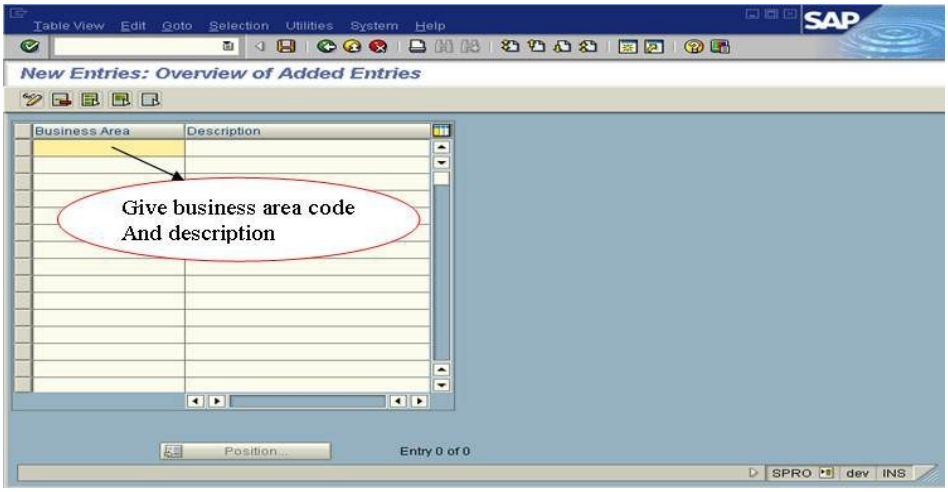


Figure 12

The filled screen will appear as under. Save the data

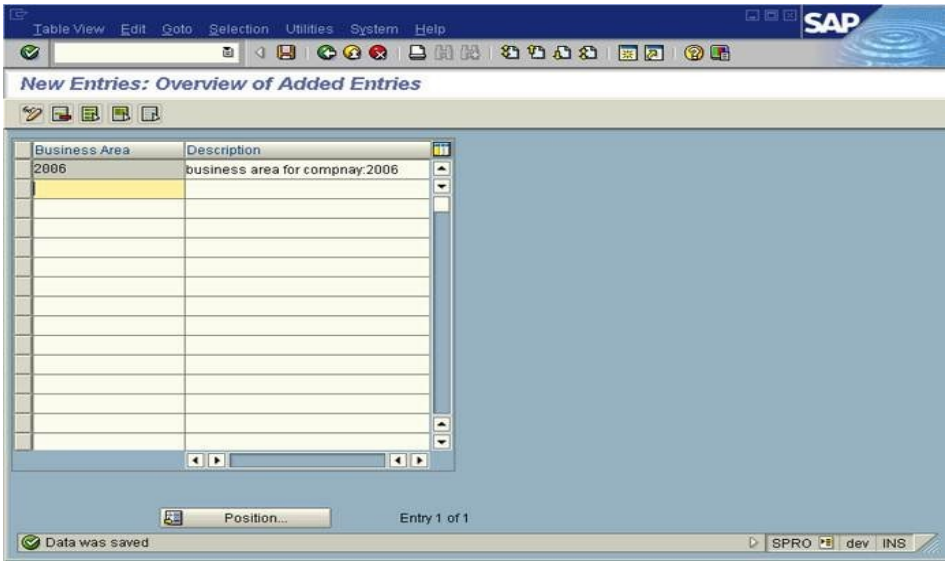


Figure 13

The definition of business area is an independent organizational unit which has its own area of responsibility within the organization, which can prepare financial statement for internal purposes. The classification of business area is either geographical or product wise as per the requirement of the company. We can define any number of business areas as per the request of the company for which we are taking up the project. If the organization if following the consolidated business area approach, we have to define the consolidated business area other wise we can skip the option. If you define the consolidated business area we have to assign the business areas to consolidated business areas without fail. Hence consolidated business area functionality is optional for customization. With this simple definition of FI organizational units is completed. Now we can go for assignment of organizational units what we have defined. We can treat this job as internal integration within FI module. The first assignment is company to company code. The Path is as under:

Enterprise structure>assignment>financial accounting>assign company to company code TC: OX 16.

1. Click on position button.
2. Give company code:2006
3. Give the company to which you want to assign. Save. The screen will appear as under

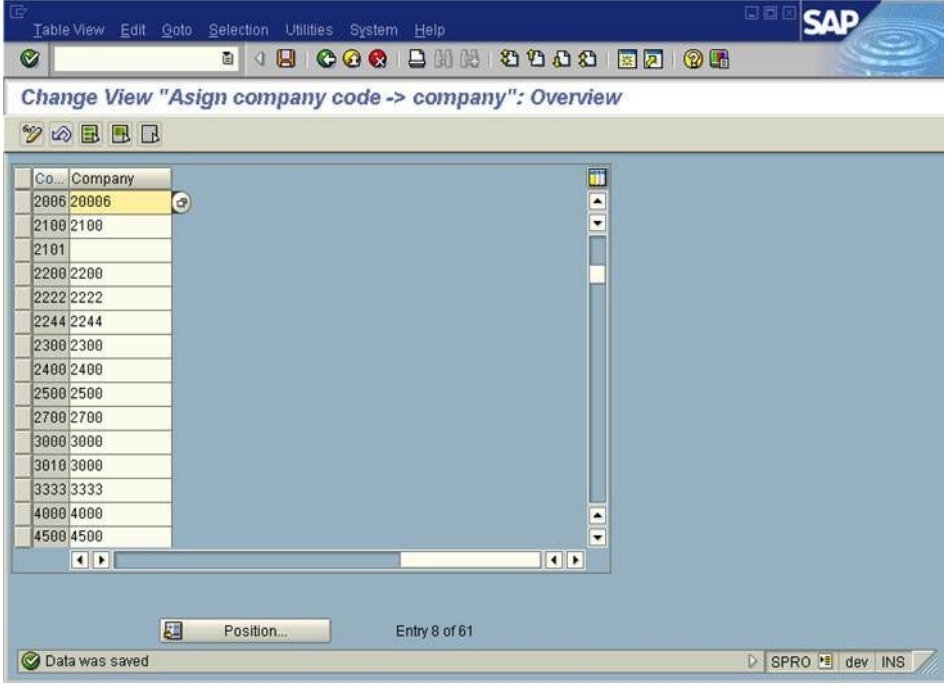


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Asign company code -> company": Overview
Co... Company
2006 20006
2100 2100
2101
2200 2200
2222 2222
2244 2244
2300 2300
2400 2400
2500 2500
2700 2700
3000 3000
3010 3000
3333 3333
4000 4000
4500 4500
Position...
Entry 8 of 61
Data was saved
SPRO dev INS

Figure 14

The assignment of business area is not required because the business areas can be used cut across the company codes. Hence we need not assign the business area to any company code. However, if you define the consolidated business areas, we have to assign the business areas to consolidated business areas. In this project we have not defined the consolidated business areas hence no assignment is required for business areas.

Assign credit control area to company code: path is same as above:

Click on position button give the company code

And give the credit control area code and save the data.

Assign the financial management area to company code: path is same as above:

Click on position button, give the company code

Give the financial management area code and save the data.

The functional area concept is different concept; we need to activate the functional area by separately, no necessity of assignment task.

Variant principle:

The next step in customization is Define Variant Principle. Under variant principle there are 3 variants. They are 1.fiscal year variant 2.posting period variant3.feild status variant. The first customization is fiscal year variant. The variants defined under variant principle are at client level.

FISCAL YEAR VARIANT: The fiscal year means a general year in common. No company can maintain the books for indefinite period. They have to close the books for certain period. That depends on the company and the country's policy. Suppose in India all the companies have to close their books on 31st march every year. But other countries may follow the different approach.

The fiscal year is classified as

1. Calendar year
2. Non calendar year.

As far as customization is concerned definition of

calendar is so simple. We have to select one check box. For non calendar year definition we have to define the open and close the fiscal year and also the end days of the periods.

Period: is generally is called a month. The fiscal year variant screen appears as under

Path is as under: spro>rimg>financial accounting>financial accounting global settings>fiscal year>maintain fiscal year variant TC: OB29

Select new entries button. (If the fiscal year variant is calendar year)

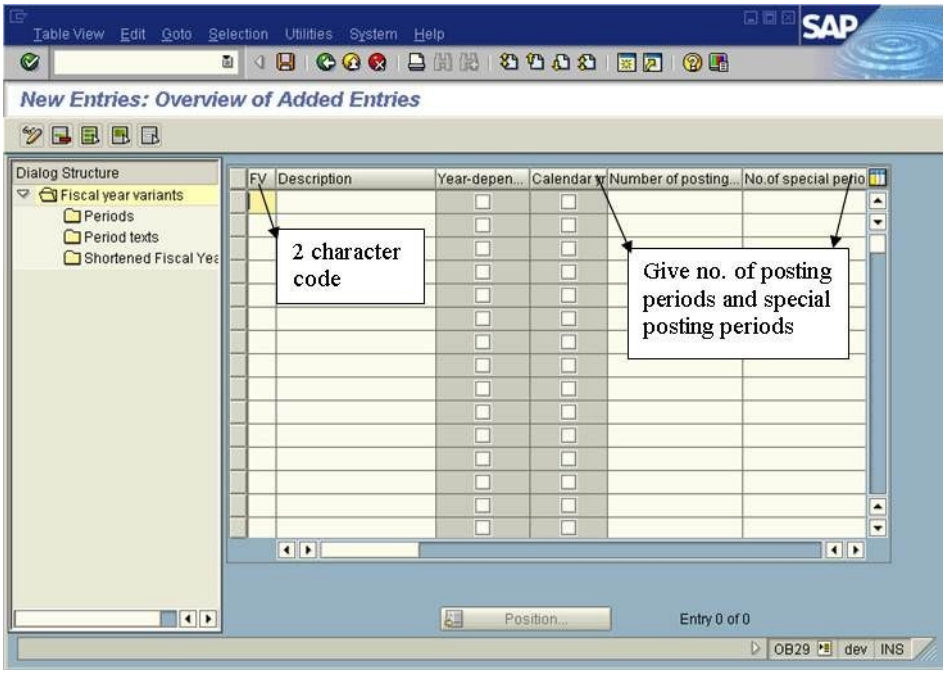


Figure 15

1. Give FV (fiscal year variant): 2 character code (alpha numeric)
2. Give description of the year: January to December calendar year
3. Select the check box of the calendar year.
4. Give normal periods: 12 special periods: maximum 4 only i.e. total periods are 16 and save the maximum periods for financial accounting usage are 16. The maximum special periods are 4.

We can define any special periods within the maximum limit. Special periods are used to post any information after the close of normal periods. The special periods are not considered specially but as a part and parcel of last

normal period only.

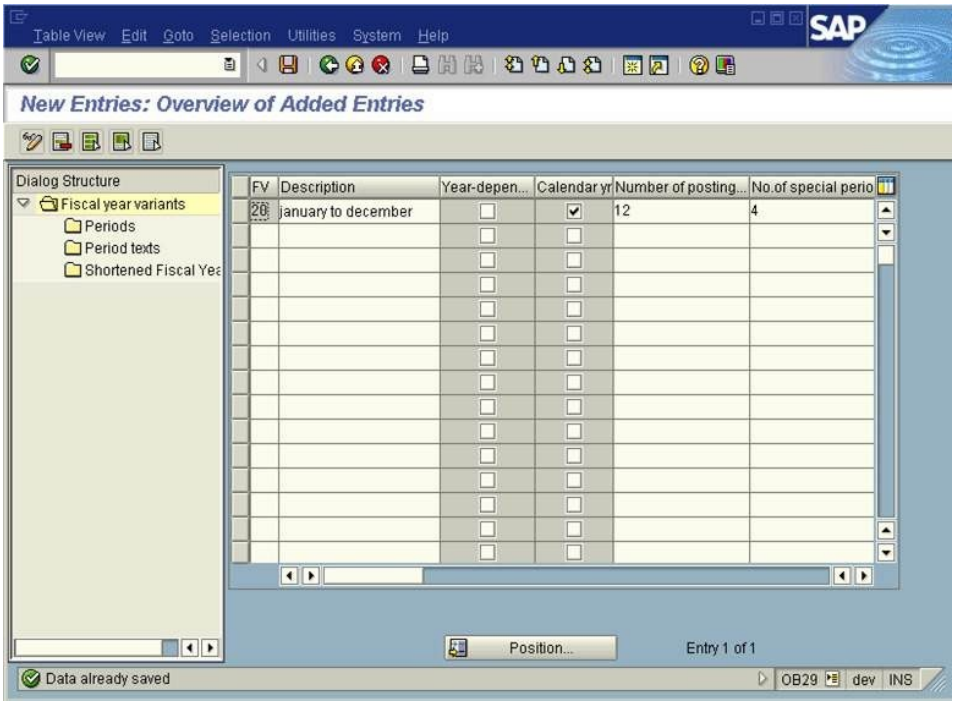


Figure 16

For non calendar year variant: we have to define the variant first (don't select the calendar year check box) give normal posting periods: 12 Special posting periods: 4 maximum. Save

Double click on the period's button to make customization. Select new entries. The screen appears in suppressed mode again select new entries button and complete the table as under.

1. month: calendar month

   day: end of the calendar month

2. Period: corresponding period of the non calendar year.
3. Shift key: -1 for only for the months of January to march. The shift key will adjust the calendar month of the next following year as the 10 month of the present non calendar year. After completing the table save the data, the screen will appear as under.

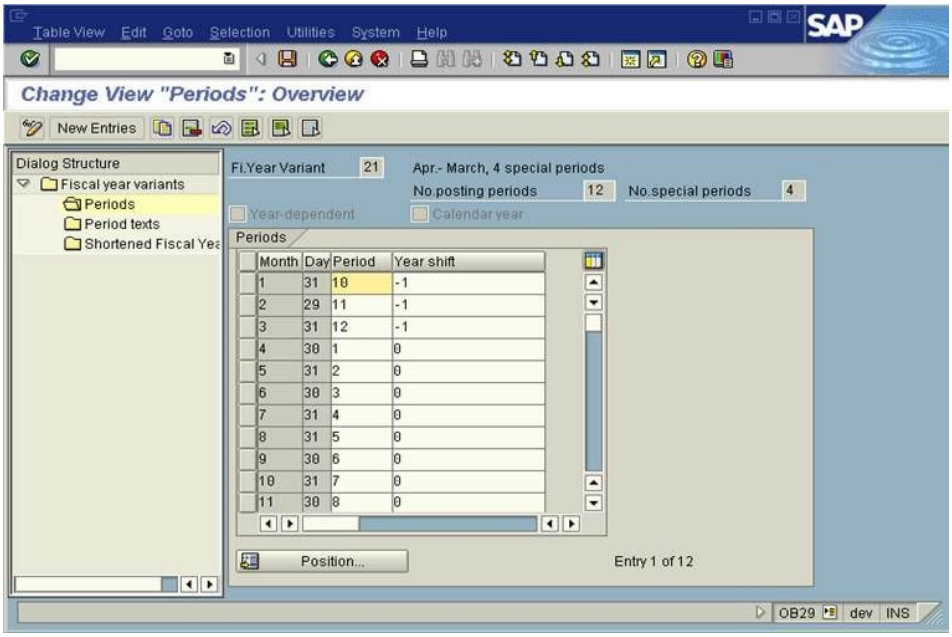


Figure 17

In fiscal year definition we define the no of posting periods in a year only. And also the special periods. The special periods may be used for the purpose of either audit adjustments, tax adjustments, or for declaring the quarterly results. The periods may be some times defined more than 16 periods also. This is in case of Special Purpose ledger only. The fiscal year with more 16 periods is not used in finance module. However, we can use for reporting system in special purpose ledger. Example: in case of weekly reporting of sales; we can create the report as every week is a period. This is exclusively for reporting purpose only.

Year shift key:

This used to change following or previous year calendar months to non calendar year period as specified. We can define with -1 or +1 also if required. This Key is called as Annual Displacement Key also. In the example in the picture: the first month of the calendar month is changed as the 10th period of the Non Calendar Year with the help of Year shift key.

For defining the shortened fiscal year we need to select the check box only. Shortened fiscal year means the defined periods are less than the normal fiscal year periods.

Year dependant fiscal year and Year Independent fiscal year:

If the fiscal year and the period start date and end dates does not change with the fiscal years; is called as year independent fiscal years. Calendar year and non calendar may be called as the independent fiscal years. Year Dependant fiscal year changes the start and close dates from year to year.

ASSIGNMENT OF COMPAY CODE TO FISCAL YEAR VARIANT

:(PATH IS SAME) TC: OB37

Click on position

button. Give company

code: 2006

Give fiscal year variant: 20(we can assign any variant i.e. calendar variant or non calendar variant)

Save the data. The screen will appear like this.

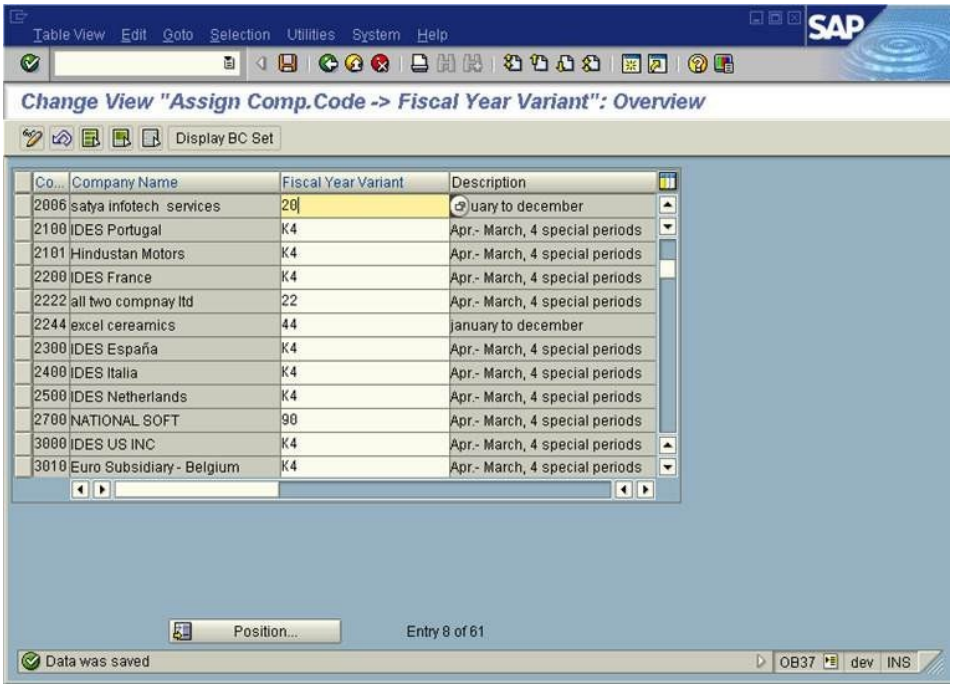


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign Comp.Code -> Fiscal Year Variant": Overview
Display BC Set
Co... Company Name Fiscal Year Variant Description
2006 satya infotech services 20 uary to december
2100 IDES Portugal K4 Apr.- March, 4 special periods
2101 Hindustan Motors K4 Apr.- March, 4 special periods
2200 IDES France K4 Apr.- March, 4 special periods
2222 all two compnay ltd 22 Apr.- March, 4 special periods
2244 excel cereamics 44 january to december
2300 IDES España K4 Apr.- March, 4 special periods
2400 IDES Italia K4 Apr.- March, 4 special periods
2500 IDES Netherlands K4 Apr.- March, 4 special periods
2700 NATIONAL SOFT 90 Apr.- March, 4 special periods
3000 IDES US INC K4 Apr.- March, 4 special periods
3010 Euro Subsidiary - Belgium K4 Apr.- March, 4 special periods
Position...
Entry 8 of 61
Data was saved
OB37 dev INS

Figure 18

Posting period variant: Path: spro>rimg>fa>fags>document>define posting period variant TC: OBBO

Select new entries button.

1. Give the posting period variant name: 4 character code
2. Give the description of the posting period variant

3. Save the data the Screen will appear as under. (For this project we are using the same company code as the posting period variant to maintain uniformity and to remember the codes easily)

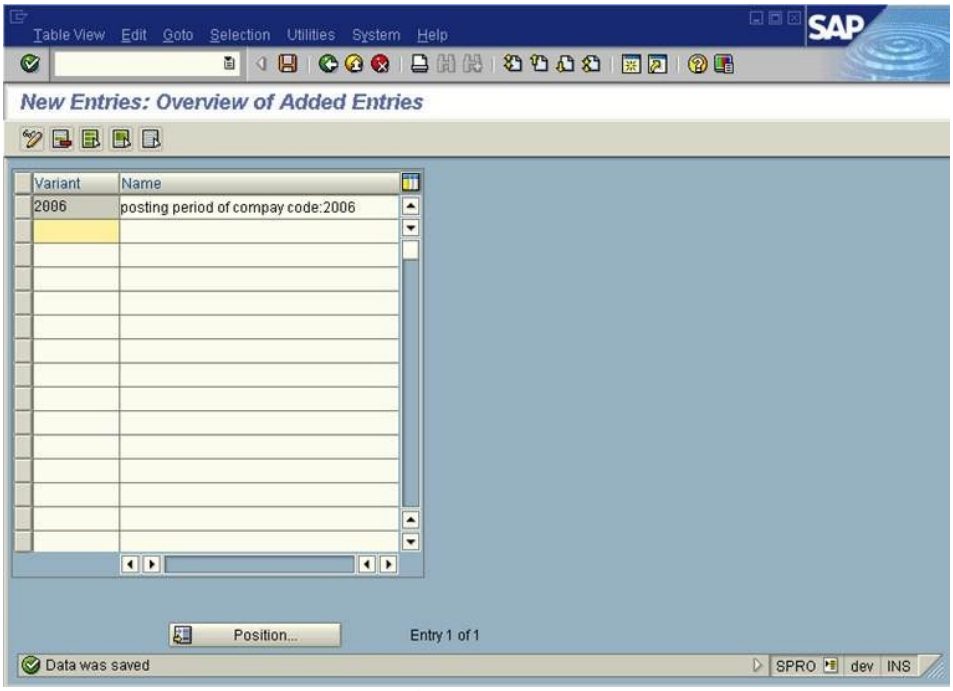


Figure 19

Define open and close of posting periods: This is the important job in real time environment. This particular job is entrusted to any authorized persons only. This job is a part of period end closing job. We can make so many restrictions depending on the account type and gl account no wise also in real time. But to facilitate easy functionality I am configuring the most liberal functionality (by selecting the option (+) in account types. It indicates all types of account types are allowed to post in all posting periods. This is the prerequisite step. Hence I am creating this configuration. Basing on this we can make restrictions as per the requirement of the company. This job can be done by the users only, hence made available in easy access screen also. After making the customization the screen appears like this.

Path: same as above TC: OB52.

Give posting period variant:

2006 Give+ in account type

Need not give any account numbers

Give the period you want to open (from 1 to 12 and13 to 16 in 2006 year) this is most flexible configuration to facilitate all types of postings in all periods.

The last column authorization group: is the authorized person to handle this job.

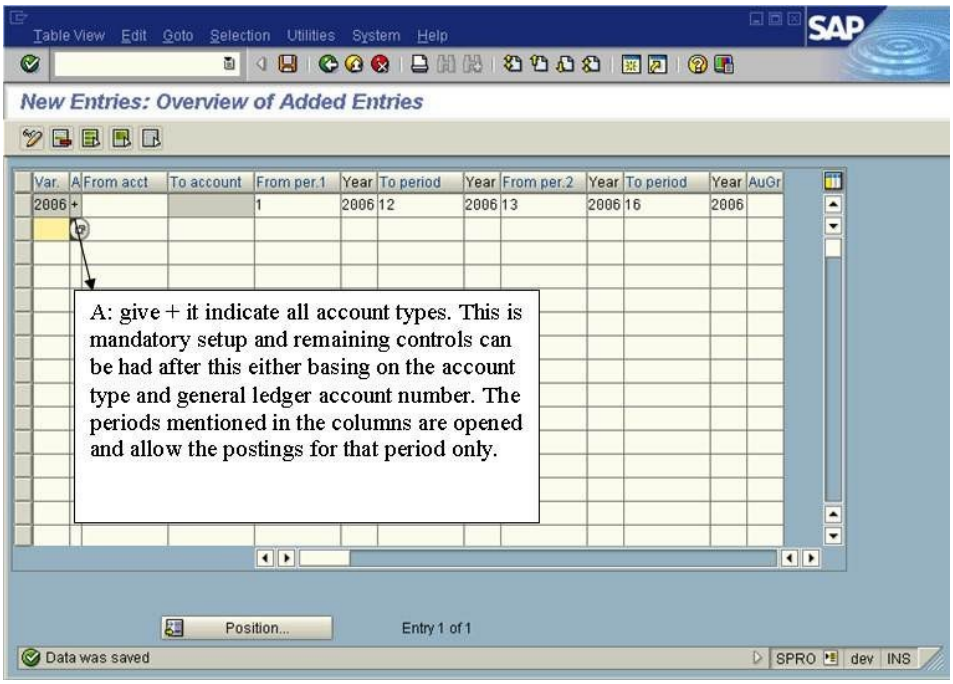


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Var. A From acct To account From per.1 Year To period Year From per.2 Year To period Year AuGr
2006 + 1 2006 12 2006 13 2006 16 2006
A: give + it indicate all account types. This is mandatory setup and remaining controls can be had after this either basing on the account type and general ledger account number. The periods mentioned in the columns are opened and allow the postings for that period only.
Position...
Entry 1 of 1
Data was saved
SPRO dev INS

Figure 20

ADDING THE POSTING PERIOD VARIANT TO COMPANY CODE:

Path: same as above the TC: OBBP.

Click on position

button Give company

code: 2006

Give the posting period

variant: 2006 Save the data

The screen will appear as under

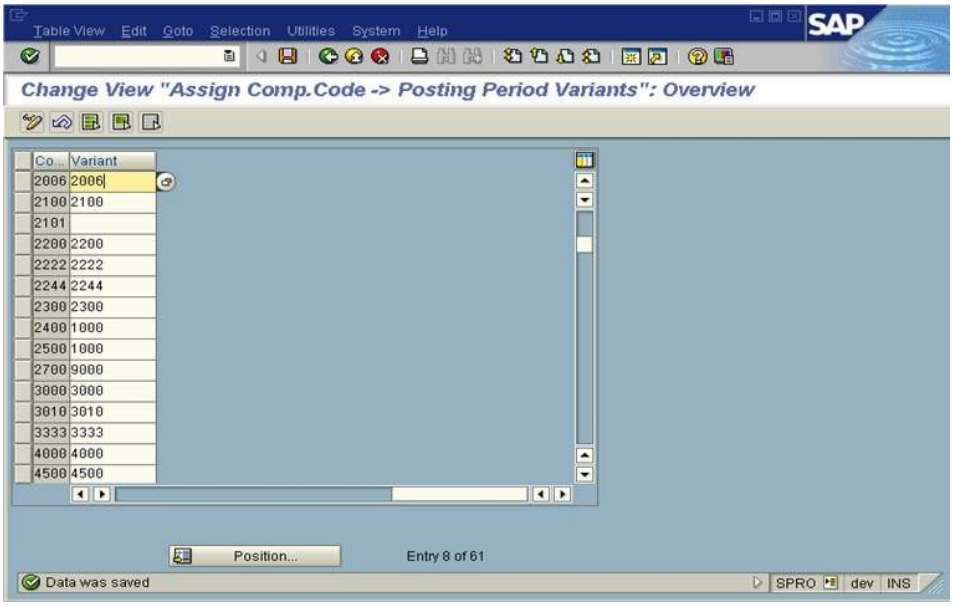


Figure 21

Maintain field status variant: Path: spro>img>financial accounting>financial accounting global settings>document>line item>control>maintain field status variant: TCOBC4

The main purpose of the field status variant is to defining the screen templates for the users to process the business transactions in real time. The requirement of the input levels is different for different business transactions. Accordingly sap already preconfigured the screen outlays. We can copy them and change the name of variant as we required. Here I request the jr.consultants to go for copy function rather than creation. Select the fstv 0001 select the copy as button and change the code as you require. Here I have changed the variant as 2006. (While copying the variant the system asks to copy all and only entry. I request you to select the button copy all. Then the system prompts one pop up box with the message all dependant entries 41 coped.) the field status variant is defined at client level. We can use any of the field status variant. However, we need to ensure the status of various fields before assigning to our company code.

There are 41 field status groups. In finance module we use 5 or 6 groups only those are as under

1. G001

2. G005
3. G029.
4. G067.

The remaining groups are used in other modules functionalities requirements. Select the variant and double click (on right side) field status groups, system displays all 41 groups.

Double click on the G001 group and there are 10 subs groups and double click on the any of the sub group and see the status of the fields. You can change the status of the fields as per the requirement of the client. The status of the fields is three types.1. Suppressed 2.Optional 3. Required.

Suppressed: if any field is suppressed it will not at all appear for end user screen

Optional: if the field is optional, it will appear on the screen for the end user but the keying the data is optional

Required: if any field is said to be required the system will prompt for keying the related data while processing the transaction by the end user.

You can make filed status settings as per the requirement for the project, but we must doubly ensure while setting any field as required entry. The required entry status stops the end user to input the relevant information while processing the documents. The screen shot of the fstv is as under:

Note: you are requested to take up all the groups which are mainly used fin module do the same process and ensure no fields are set as required entry. The exception is the G005 the Value date is defaulted as required entry. Keep that as it's only.

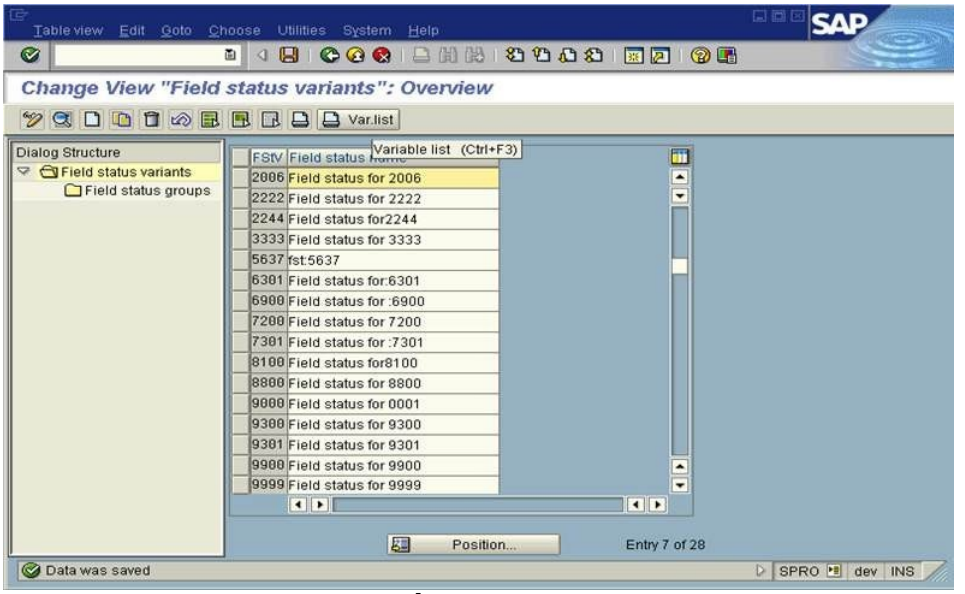


Table view Edit Goto Choose Utilities System Help
SAP
Change View "Field status variants": Overview
Var.list
Variable list (Ctrl+F3)
Dialog Structure
Field status variants
Field status groups
FStV Field status name
2006 Field status for 2006
2222 Field status for 2222
2244 Field status for2244
3333 Field status for 3333
5637 fst:5637
6301 Field status for:6301
6900 Field status for :6900
7200 Field status for 7200
7301 Field status for :7301
8100 Field status for8100
8800 Field status for 8800
9000 Field status for 0001
9300 Field status for 9300
9301 Field status for 9301
9900 Field status for 9900
9999 Field status for 9999
Position...
Entry 7 of 28
Data was saved
SPRO
dev
INS

Figure 22

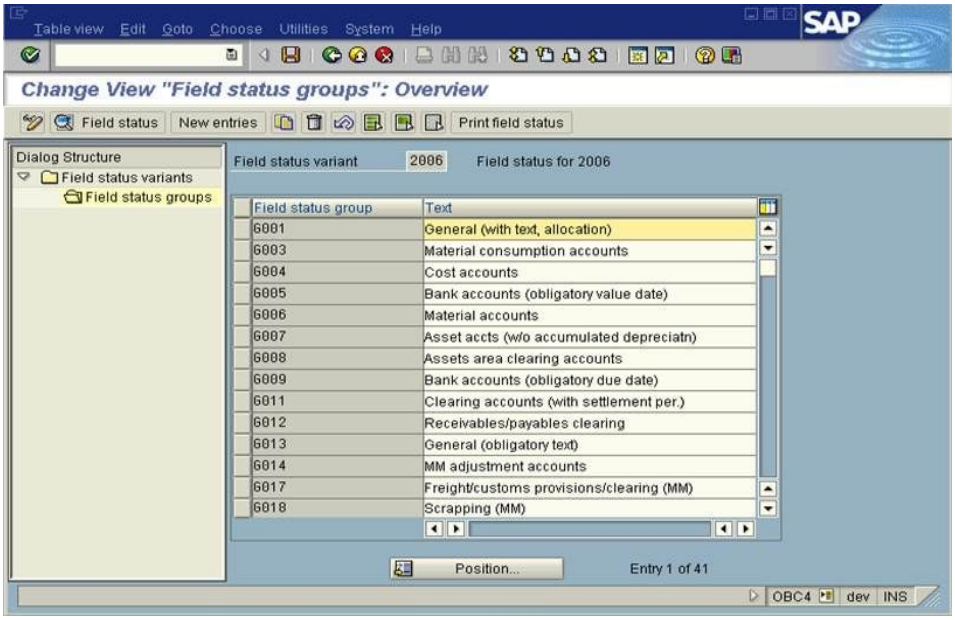


Table view Edit Goto Choose Utilities System Help
SAP
Change View "Field status groups": Overview
Field status
New entries
Print field status
Dialog Structure
Field status variants
Field status groups
Field status variant 2006 Field status for 2006
Field status group Text
G001 General (with text, allocation)
G003 Material consumption accounts
G004 Cost accounts
G005 Bank accounts (obligatory value date)
G006 Material accounts
G007 Asset accts (w/o accumulated depreciatn)
G008 Assets area clearing accounts
G009 Bank accounts (obligatory due date)
G011 Clearing accounts (with settlement per.)
G012 Receivables/payables clearing
G013 General (obligatory text)
G014 MM adjustment accounts
G017 Freight/customs provisions/clearing (MM)
G018 Scrapping (MM)
Position...
Entry 1 of 41
OBC4 dev INS

Figure 23

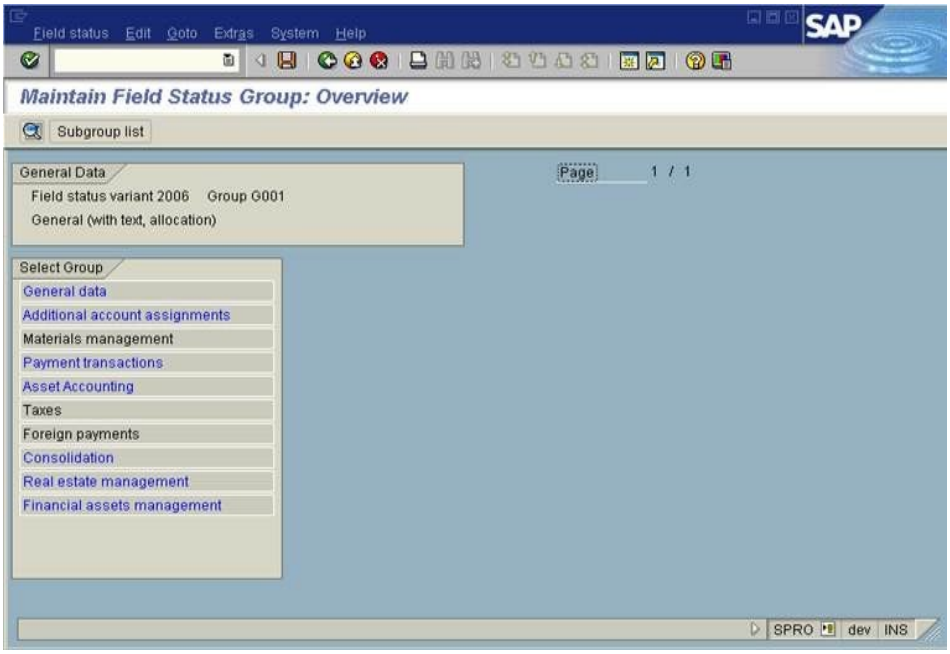


Figure 24

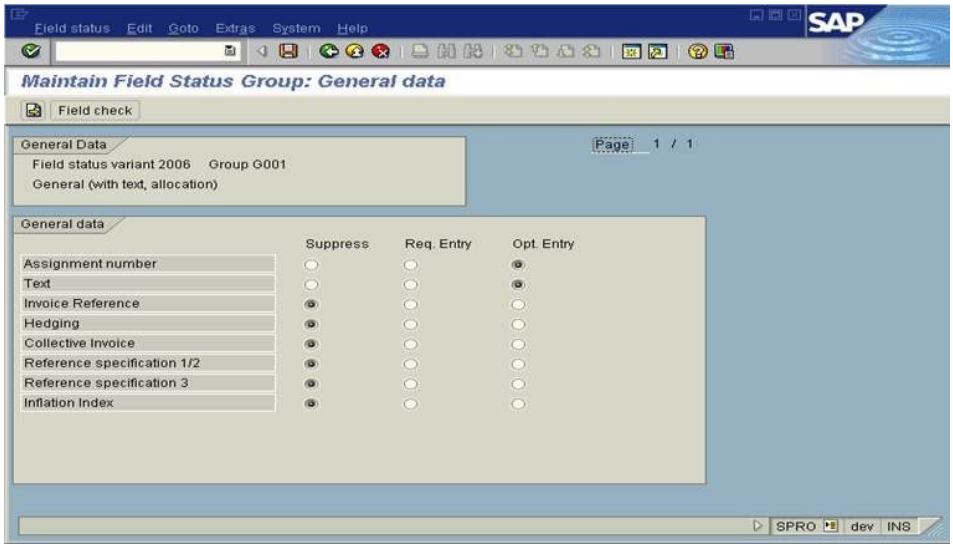


Figure 25

Assign the field status variant to company code:
Path is same as above TC OBC5

Click on position
button. Give company
code: 2006
Give the field status variant: 2006 and save the data

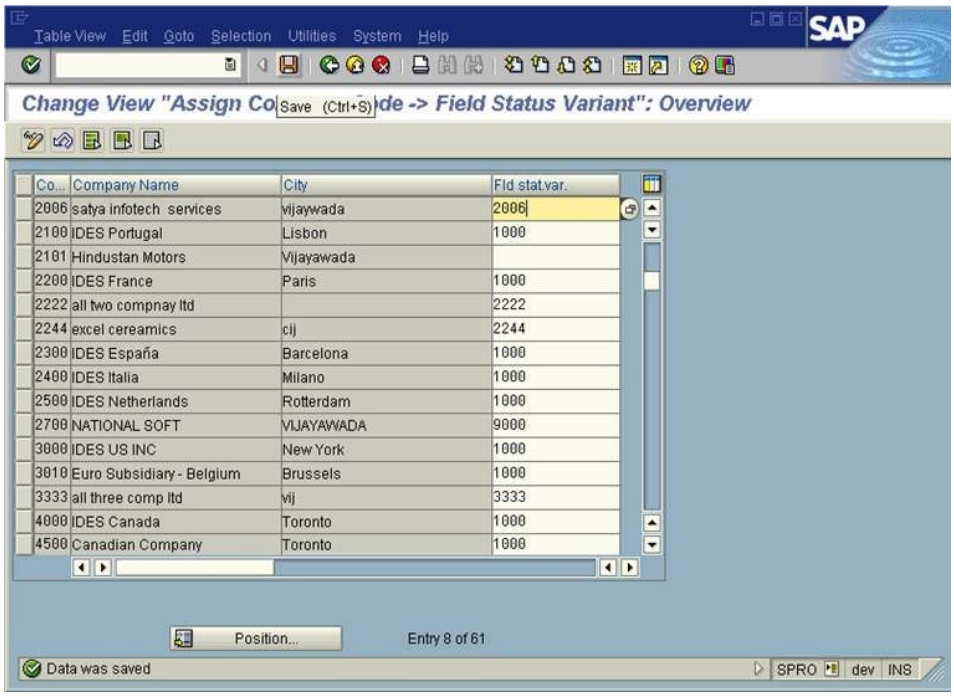


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign Co
Save (Ctrl+S)
de -> Field Status Variant": Overview
Co... Company Name City Fld stat.var.
2006 satya infotech services vijaywada 2006
2100 IDES Portugal Lisbon 1000
2101 Hindustan Motors Vijayawada
2200 IDES France Paris 1000
2222 all two compnay ltd 2222
2244 excel cereamics cij 2244
2300 IDES España Barcelona 1000
2400 IDES Italia Milano 1000
2500 IDES Netherlands Rotterdam 1000
2700 NATIONAL SOFT VIJAYAWADA 9000
3000 IDES US INC New York 1000
3010 Euro Subsidiary - Belgium Brussels 1000
3333 all three comp ltd vij 3333
4000 IDES Canada Toronto 1000
4500 Canadian Company Toronto 1000
Position...
Entry 8 of 61
Data was saved
SPRO
dev
INS

Figure 26

The screen appearance for this company will be prompted as per the filed status of the variant.

DOCUMENT TYPES AND NUMBER RANGES:

Document types are used to identify the business transactions. Sap has already defined the document types for various transactions; we can use those document types. Otherwise we can create the document types as per the request of the client. But, make all possible efforts to make use of the defaulted document types. Every document type should subscribe with the reverse document type.
Account type

The following are the important document types for finance module. The other document types will be discussed latter.

Account type	Description	
	1.sa	Gl entry
1.geneal ledger	2.kr	Vendor invoice
2.vendor	3.ka	Vendor payment
3.customer	4.kg	Credit memo
4.asset	5.dr	Customer invoice
5 material	6.dz	Customer payment
6.contract type	7.dg	Credit memo

Every document type should be assigned with a number range (which was defined by sap). For that number range we have to assign the number range interval. With the help of number range interval the system stores the data in serially. The screen appearance of the document type is as under. The number range can be given in the following screen itself by selecting the number range information button or if we want to give separately we can go the transaction code: FBN1.

Select the document type and click on details button. You will be displayed with the attributes of the document type. You have observed the main points as follows.

1. Account types which can be allowed with this type of document
2. Whether it allows the negative posting or not?
3. The foreign exchange rate type applied with the document type

4. The field status of the header data of the document
5. And other control functions can be allowed for this document type. Document type controls the field status of the document header data. It controls the reference number and document header text. If you select any

check box while creating, the systems promts those field as ready for input mode while entering the document.

We can restrict the document type for specific purpose by selecting the special usage check boxes. Accordingly system controls the applicability of the document. You can not use the document except for the specified purpose.

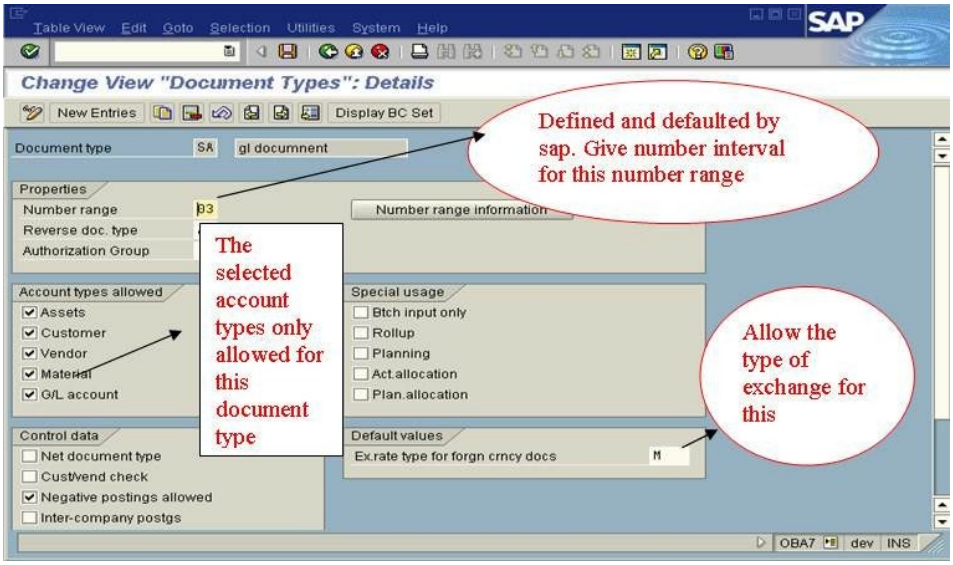
Document type controls the exchange rate type to be applied with the document type. Specify the exchange rate type in the provided column.

PATH: SPRO>IMG>Financial Accounting> Financial accounting global settings> DOCUMENT>DOCUMENT HEADER> DEFINE DOCUMENT TYPE: TC OBA7.

We can define the document type by clicking the new entries button. Give two characters ID: document type and description

Give the number object: two character id and always mention the reverse document type also.

Select the account types to be allowed with this document type and select the required control data and save the document type. Generally SAP advised to use the defined document types or create the document types with copy function to keep the defaulted settings in tact.



Otherwise ensure all the settings carefully.

Figure 27

To give the number range interval click on number range

information give company code: 2006

Click on change interval button
Click on insert interval button (top left corner)
Give no: 03 (which is the number range for sa
document type) Give the year: current year
Give the from number to number
Click on insert button (bottom left) and save the data. A message will be displayed click on continue button and save .The screen appearance will be as under.

Other wise we can give the number ranges through navigation also. The transaction code is FBN1. We can copy these number ranges from year to year sometimes from company code to other company code also. The number ranges are defined to store the business transaction in the system serially. It is useful to identify the documents posted in the system. While configuring the number range intervals we must assign the number object invariably.

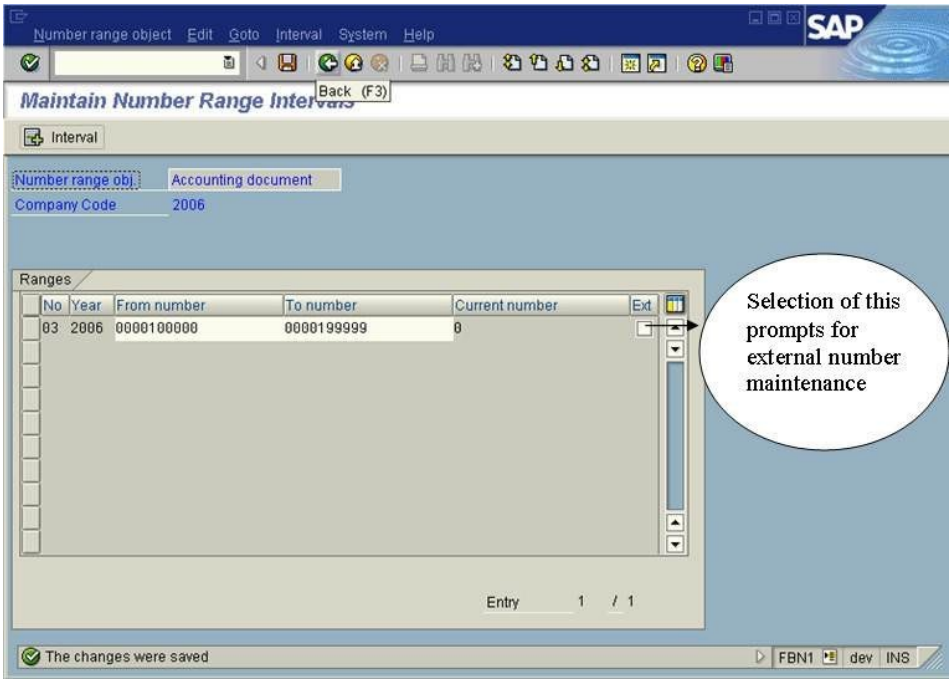

Number range object Edit Goto Interval System Help
SAP
Back (F3)
Maintain Number Range Intervals
Interval
Number range obj. Accounting document
Company Code 2006
Ranges
No Year From number To number Current number Ext
03 2006 0000100000 0000199999 0
Selection of this prompts for external number maintenance
Entry 1 / 1
The changes were saved
FBN1 dev INS

Figure 28

if you want continuous number rage irrespective of the years give the year up to which you want the number range interval is applicable. Otherwise you want year specific number range give the present year only. If you select the external check box you have to maintain the striatum manually, if you don't select that check box the system maintains the striatum as per the request of the

client we have to configure. The current number displays the

number of documents posted so far.

Posting Keys: Posting keys are used either to debit the account or credit account. With definition of posting keys we can also control field status of accounts. Sap has already defined the posting keys we can use those as it is. Otherwise if the client specifically requests you to create defined postings we can define them as per the request. The following are the important posting keys.

Account type	Debit posting Key	Credit posting Key
General ledger	40	50
Vendor	25	31
Customer	01	15
Asset	70	75

I suggest you to verify the attributes and convince the client to use the default posting keys. The screen of the posting keys will appear as under. If you want to know the attributes select any posting key and click on details button or double click on the posting key.

Path: spro>img>financial accounting>financial accounting global settings>document>control> line items>define posting key: TC OB41

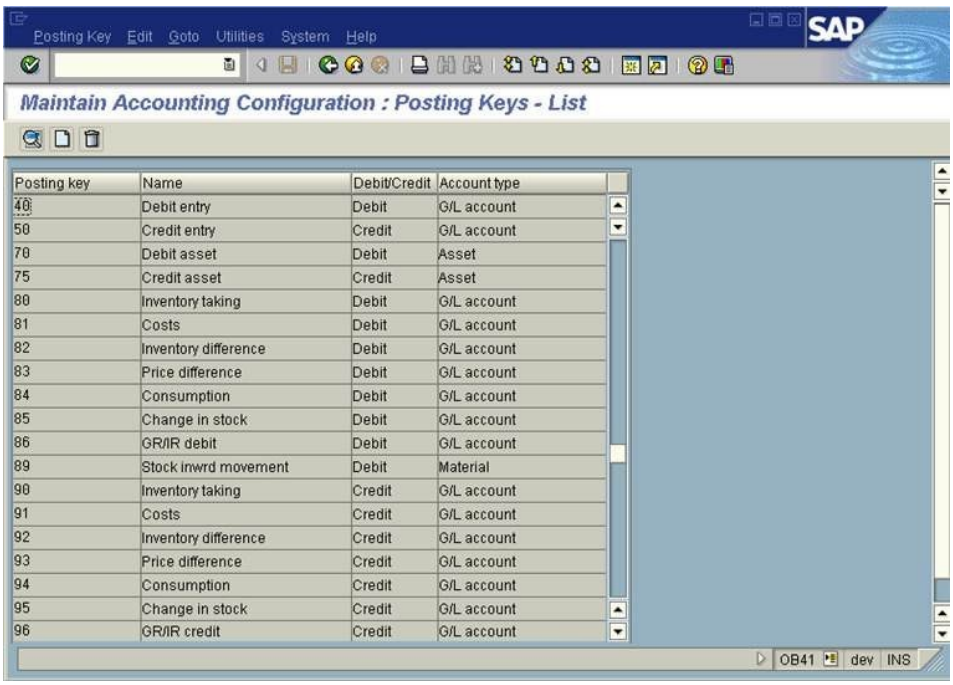

Posting Key Edit Goto Utilities System Help
SAP
Maintain Accounting Configuration : Posting Keys - List
Posting key | Name | Debit/Credit | Account type
40 | Debit entry | Debit | G/L account
50 | Credit entry | Credit | G/L account
70 | Debit asset | Debit | Asset
75 | Credit asset | Credit | Asset
80 | Inventory taking | Debit | G/L account
81 | Costs | Debit | G/L account
82 | Inventory difference | Debit | G/L account
83 | Price difference | Debit | G/L account
84 | Consumption | Debit | G/L account
85 | Change in stock | Debit | G/L account
86 | GR/IR debit | Debit | G/L account
89 | Stock inwrd movement | Debit | Material
90 | Inventory taking | Credit | G/L account
91 | Costs | Credit | G/L account
92 | Inventory difference | Credit | G/L account
93 | Price difference | Credit | G/L account
94 | Consumption | Credit | G/L account
95 | Change in stock | Credit | G/L account
96 | GR/IR credit | Credit | G/L account
OB41 dev INS

Figure 29

DEFINE CHART OF ACCOUNTS: The chart of accounts is nothing but list of gl accounts used by the company. There are three types of chart of accounts.1 Operative chart of accounts 2 country specific chart of accounts3 group chart of accounts. Generally we use the chart of accounts to process the regular business transactions is the Operative chart of accounts. We can post in this chart of accounts only. The remaining chart of accounts is used for different business scenario. As per the request of the client we can define other chart of accounts. The customization path is as under

Spro>img>financial accounting>general ledger accounting>GL accounts>>master records> preparations>edit chart of accounts list: TC OB13

Select new entries button to create new chart of accounts. Give: chart of accounts code: 2006(4 character)

Give description of chart of accounts.

Give the language in which you want to maintain the chart of accounts. Give the length of gl account number you want to use in your company code. The maximum length of gl account number in sap is 10 digits. (With in that we can give any number)

By default the integration with controlling: manually only and save the data

Note: do not select the Blocked check box:

The appearance of the screen after giving the details will be as under.

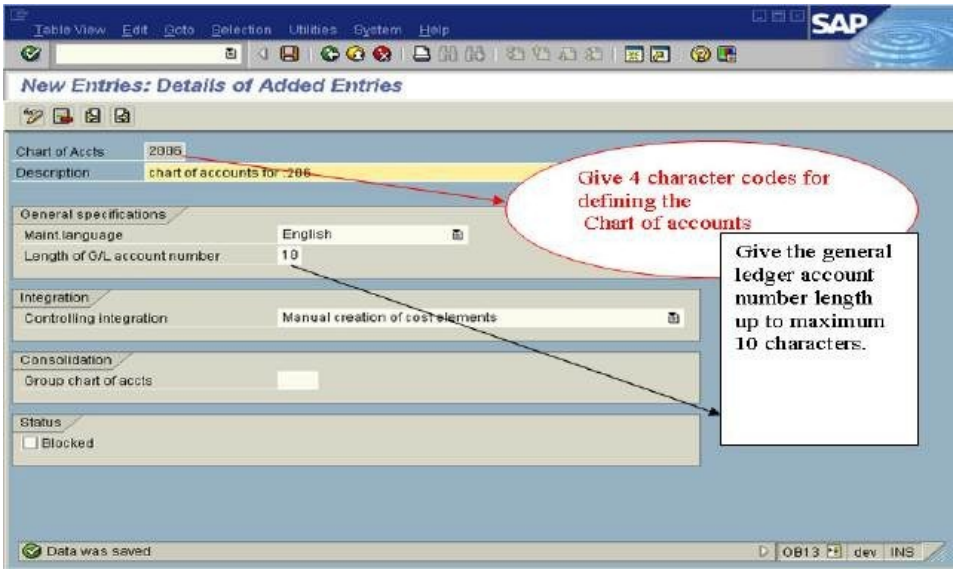


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Chart of Accts 2006
Description chart of accounts for 206
Give 4 character codes for defining the Chart of accounts
General specifications
Maint.language English
Length of G/L account number 10
Give the general ledger account number length up to maximum 10 characters.
Integration
Controlling integration Manual creation of cost elements
Consolidation
Group chart of accts
Status
Blocked
Data was saved
OB13 dev INS

Figure 30

In case of group company concept define one chart of account as group chart of accounts and give the group chart of accounts name while defining the operative chart of accounts.

After definition of the chart of accounts we have to assign this chart of accounts to our company code.

Path: same as above: TC

OB62. Click on position

button.

Give company code

Give chart of accounts and save the data

DEFINE ACCOUNT GROUP:

Generally the company is used to maintain number of general ledger accounts to process the business transactions. To make them properly identified we have to segregate the similar accounts into one group. There by it is easy to identify the accounts. For this purpose sap suggests to define the account group: the account group means the similar accounts are made into single group. Sap suggested you to maintain any number of groups but the minimum account groups are two. However, in this project I am defining the account group's requirement as 4 groups. The path is same as above (chart of accounts)

TC: OBD4

Select new entries

button Give chart of

accounts: 2006

Account group code: (any four

character code) Give description the

group:

Number range interval: from number and to number (this number interval is in no way related to earlier number range)?.The screen appearance of the account groups after giving the data will appear as under.

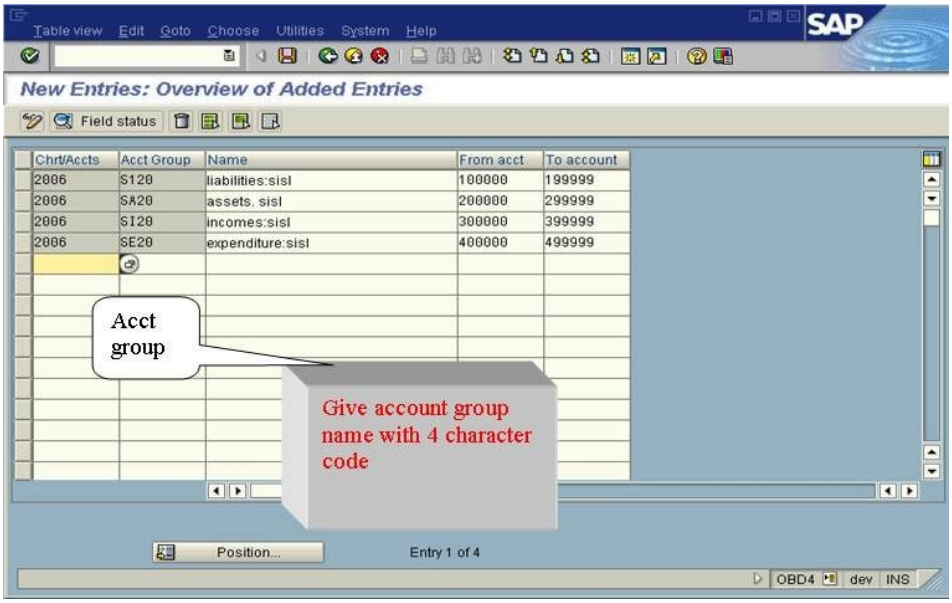


Figure 31

We can give different number interval for different groups; otherwise we can give the same interval to all account groups. The system allows overlapping here. But I advise you to give different internal to different groups. (If the same number is given creation of gl accounts latter stage may be confusing you)The account groups also determine the field status of the gl master record in respect of company code data details. We you want to controls field status of the master click on field status button do the rest of the things as desired by you. The field status need not be common to all account groups. Depending on the nature of the account groups we can set the field status.

DEFINED RETAINED EARNINGS ACCOUNT: This step is
prerequisite step to open the general ledger accounts latter. If you don't define this step the system will not allow creating the general ledger account.

Path: same as above: TC: OB53

Give the p&l statement account type as: X
Give any account number in the liability account group: 199999(herein this step we are presuming that this account is our retained earnings account only. Hence the system gives a warning message: the particular account

is not opened in chart of accounts. Ignore the message pressing <enter> button. And save the data. The appearance of the screen will be like this.

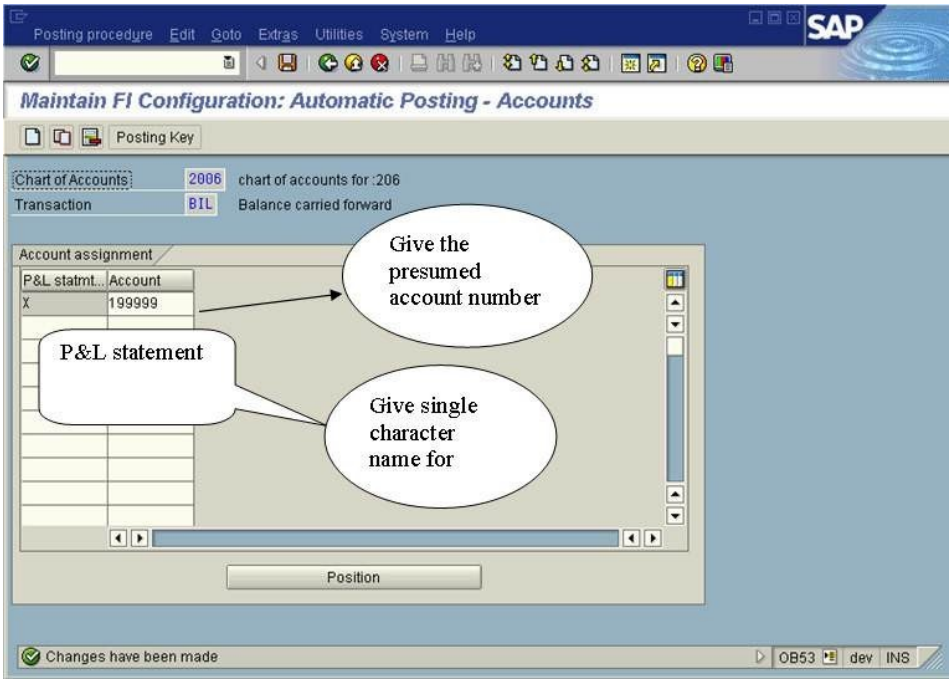


Figure 32

The above three customization requirements are prerequisites to open a general ledger account in sap system. Now we can open general ledger accounts.

CREATION OF GENERAL LEDGER ACCOUNTS: There are different ways to create general ledger accounts. In fact the creation gl account is duty of the core team members rather than consultants. Hence the sap has provided the option of creation of gl accounts in both img screen and easy access screen. We can open the accounts form any of the opting. The creation can be done in following ways in real time.

1. up loading the data from existing legacy system.(with the help of lsmw r bdc, with or without help of technical consultants)
2. Copy the general ledger accounts from any of the template gl accounts used in the country.
3. Creation of general ledger accounts by creating sample accounts.
4. Creation of general ledger accounts manually.

In real time most of time we upload the data form legacy system, which reduces the implementation time of the project. The creation of general ledger accounts depends

on the clients accounting system they follow. If

they are following centralized accounting system we can open the account in chart of account level first and set the company code customization requirement latter. If the company is following decentralized system of accounting we can open the general ledger accounts in centrally option. Depending on the requirement of project we can adopt any suitable method of opening the gl accounts.

For the purpose of opening gl account we need bifurcation of all accounts as under and select the minimum configuration requirements made in the following box. For opening the gl account the Path is: spro>img>fa>gla>gl accounts>master data>preparations>gl account creation and processing>edit gl account (individually)>edit gl account centrally.

TC: FS00 or you can access the screen through easy access screen also. General ledger accounts groups for the purpose of creation only (do not compare with account groups)

1. **All expenses** will be formed into group (because the master data requirements are similar to all expenses accounts hence made expenses. You open one account in expenses; with the help of those expenses we can create any number of accounts as required.
2. **All incomes**
3. **Clearing accounts (expenses payable and income receivable gr/ir clearing accounts cash clearing accounts)**
4. **Reconciliation accounts :(accounts payable account, accounts receivable account, asset acs)**
5. **Bank accounts (all cash accounts, bank accounts, including loan accounts)**
6. **General liabilities (share capital, misc)**

1. Opening of expenses accounts: give the company code and give the account number you want to open and select the create button give details as in the second box.

Purchase of raw material Manufacturing expense And all other expenses	1.give account group i.e. expenses sisl 2.elect pl account type or balance sheet type 3.give short description and long description 4.account currency(defaulted by the system as local currency) 5.select balances in local currency(optional) 6.select line item display check box 7.sort key:001(any one as per requirement) 8.give field status group:G001 9.save the data

For opening of many expenses accounts you can select with template button and give account number as reference number and company code. System copies all details into the new account and change short description and long description and saves. (Need not change other details)

2. All income accounts

Sales revenue ac Other revenue ac	1.give account group: incomes 2.select either p&l group or balance sheet account group 3.give short description and long description 4 account currency(defaulted) 5.select only balance in local currency(optional) 6 select line item display(optional) 7.sor key:001 8.field status group:g029 9.save the data

3. Clearing accounts: these accounts have different nature in compared to other accounts.

Expenses payable ac Incomes receivable ac	1.account group: either liability or asset group 2.select balance sheet account group 3. short description and long description 4.account currency(defaulted) 5.select open item management check box and line item check box(both) 6. sort key:001 7.give field status group:g001 8.save the data

4.Reconciliation accounts: these accounts have distinctive character in definition.

Accounts payable ac (sundry creditors) **accounts receivable ac (sundry debtors ac)**	1.giveaccount group: either liability or asset 2.select balance sheet account group 3.give short description and long description 4.account currency(defaulted) 5 give reconciliation account for account type: a. vendor for account payable account b. customer for account payable account 6.selection of line item check box(is optional) 7.give sort key:012 for vendors and 031 for customers 8. give field status group as :g067

5. Bank accounts:

All cash accounts **All bank accounts** **All bank loan accounts**	1.give account group: either liability or assets 2.select balance sheet account group 3.give short description and long description 4.account currency(defaulted) 5.select balance in local currency checkbox 6.select line item check box 7.give sort key:001 8 give field status group: g005. 9.select relevant to cash flow check box is mandatory 10.save the data

6.General liabilities and general assets (other than above and fixed assets)

Share capital accounts **General reserves** **Any other general assets**	**1.give account group: either liability or assets** **2.select balance sheet accounts group** **3.give short description and long description** **4.account currency(defaulted)** **5.select balance in local currency** **6.select line item check box** **7.give sort key:001** **8.give field status group:g001** **9.save the data**

Chart	GL number	comcode
2006	100000	2006 share capital account
2006	140000	2006 accounts payable account
2006	141000	2006 expenses payable account
2006	142000	2006 sbi term loan account
2006	142500	2006 sbi foreign currency loan account
2006	143000	2006 cross company clearing account
2006	144000	2006 bill of exchange payable account
2006	145000	2006 check/bill of exchange account for payables account
2006	146000	2006 down payments received account
2006	147000	2006 bank bill discounting account
2006	150000	2006 excise duty payable account
2006	151000	2006 edu cess payable account
2006	152000	2006 vat payable account

Chart	GL number	comcode	
2006	153000	2006	tds payable account
2006	160000	2006	stocks clearing account
2006	170000	2006	GR/IR clearing account
2006	175000	2006	special reserves account
2006	200000	2006	bank account
2006	222000	2006	interest clearing account
2006	226000	2006	transformers account
2006	240000	2006	accounts receivable account
2006	241000	2006	down payments made account
2006	242000	2006	tax on down payment clearing account
2006	243000	2006	cash discount clearing account
2006	245000	2006	check/bill of exchange account for payables clearing
2006	246000	2006	bill of exchange receivable account
2006	250000	2006	vat paid account
2006	251000	2006	educational cess paid account
2006	252000	2006	excise duty paid account
2006	260000	2006	finished goods inventory account
2006	270000	2006	raw material inventory account
2006	275000	2006	interest clearing account
2006	280000	2006	land account
2006	281000	2006	building account
2006	282000	2006	plant and machinery account
2006	283000	2006	assets under construction account
2006	283500	2006	assets under construction(investment purpose)
2006	284000	2006	low value assets
2006	285000	2006	leased assets ac
2006	286000	2006	accumulated depreciation account
2006	300000	2006	sale revenue account
2006	317000	2006	sale of asset account
2006	317100	2006	profit on sale of asset account
2006	400000	2006	purchase of raw material inventory account
2006	401000	2006	manufacturing expenses account
2006	402000	2006	exchange dif account
2006	403000	2006	interest account
2006	404000	2006	administrative expenditure
2006	405000	2006	cash discount ac
2006	406000	2006	payment diff account
2006	407000	2006	bank charges account
2006	410000	2006	raw material inventory changes

Chart	GL number	comcode
2006	411000	2006 cost of goods sold account
2006	412000	2006 cost/price differences account
2006	413000	2006 inventory difference account
2006	414000	2006 stock transfer loss/profit account
2006	415000	2006 changes in stock account
2006	416000	2006 raw material consumption account
2006	417000	2006 depreciation account
2006	417100	2006 loss on asset sale account
2006	417200	2006 special depreciation account
2006	418000	2006 asset scrapping account loss
2006	420000	2006 reconciliation account
2006	421000	2006 bonus
2006	422000	2006 telephone expenses ac
2006	423000	2006 welfare expenditures ac
2006	424000	2006 warehouse expenses account
2006	425000	2006 job fair expenses account
2006	426000	2006 repairs to property(captilization)
2006	427000	2006 sales commission

General notes:

1. **System by default the account currency as local currency. If you want to open any account with other than local currency, you can mention the currency. However, the account opened with other than the local currency will allow the transactions in that particular currency in which you have opened the account.**
2. **If you open the account with local currency, the system allows postings in any currency and converts into local currency also. The screen shot of one account is as under**

The above list is the list of chart of accounts created for the requirement of the project.

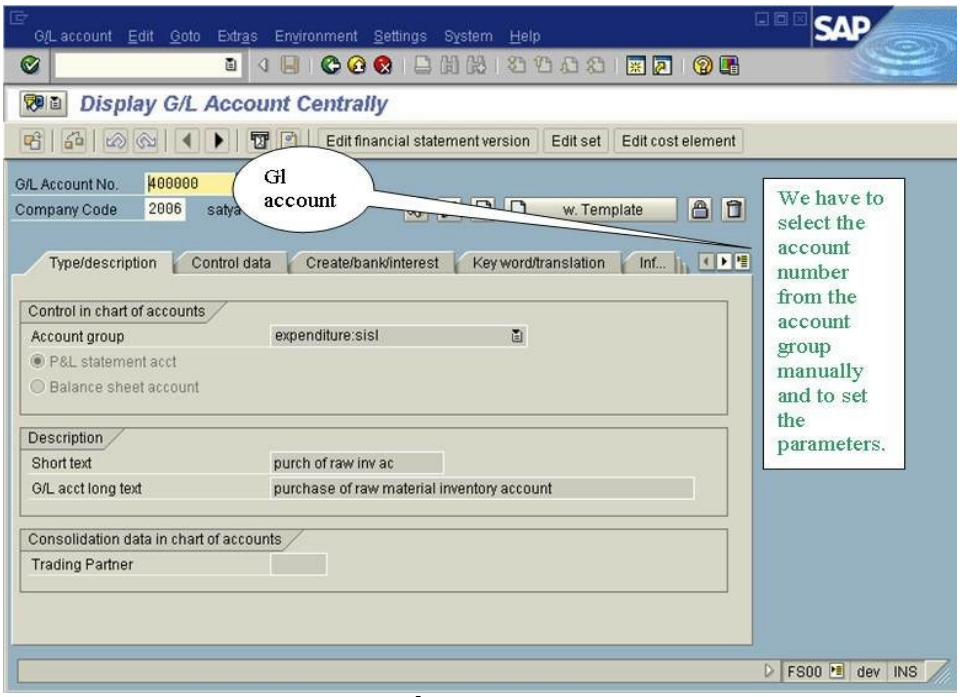
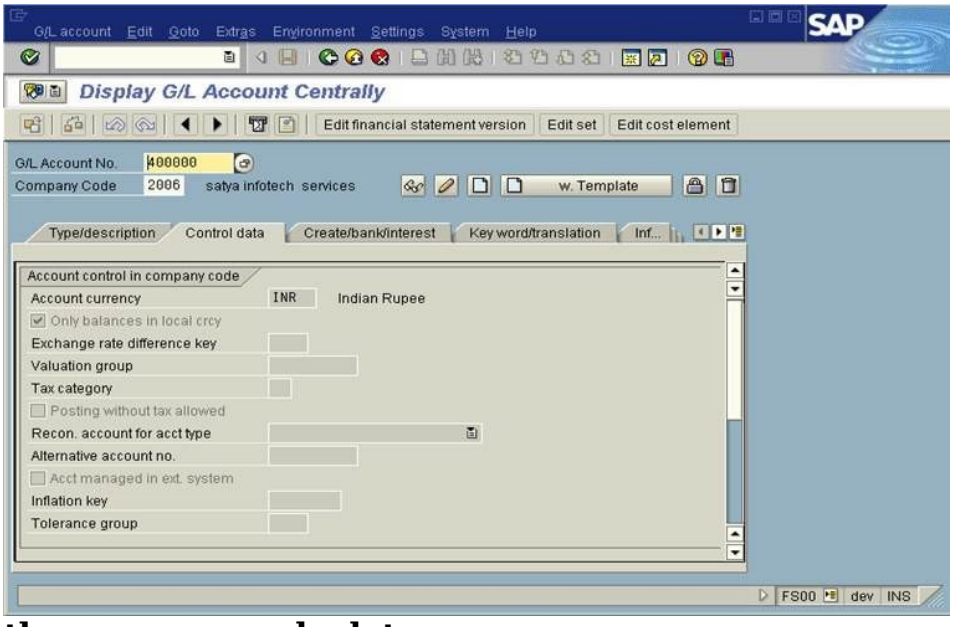


Figure 33

Click on create button and give the account group (select from the list) Select account type and give the short text and long text and press enter to go



the company code data.

Figure 34

Account currency: automatically defaulted from company code currency you can change the currency if required. If the account currency is local currency, we can post the transaction in any currency to this account. If you defined other than local currency, we need to post the transactions in the respective currency only.

Only balances in local currency: with a view to maintain the balances only in local currency, select this check box other wise not required. Only some clearing accounts needs this definition.

Exchange rate difference key; is used to valuate the

foreign currencies Valuation groups are used in

parallel valuations

Tax category, and post without tax allowed. This will enable the type of tax to collect with this account. The second selection is used to post the transactions without tax allowed.

Reconciliation account type: determines the account as a reconciliation account* discussed in latter chapters

Alternative account numbers: is used to define and integrate with the country specific chart of accounts.

Accounts maintained in external system: it is applicable for decentralized accounting systems in the organization.

Inflation key: is used to maintain the index based accounting in the system. We need to define the inflation keys.

Tolerance group: if you mention the group, allow the differences set in the tolerance amount for general ledger accounts.

Open item and line item: this will indicate the account maintenance as general or as open item (discussed later) line item displays the individual transactions for display

Sort key: will sort the transaction and create the reference or allocation number according to this field.

Authorization group and accounting clerk: it will restrict

the account to be used by the authorization group and accounting clerk named in.

Recovery indicator: specifies the sharing pattern of this account balances in joint account business transactions.

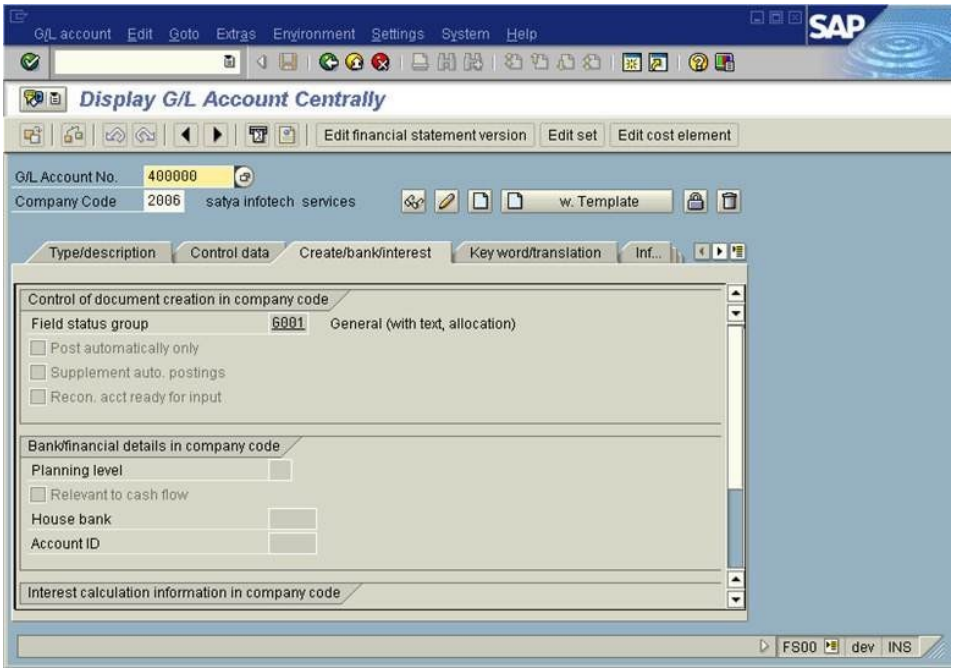


Figure 35

Field status group: the end user screen will be prompted as per the filed status group assigned to the master record.

If you select the post automatically, no manual postings are allowed in this account

If you select the reconciliation account ready for input: allows the change of reconciliation account during the postings.

Bank financial details are used for treasury module: we can main the account is maintained with the house bank and the account id of the account with house bank

Commitment item shows the commitment details for the account in commitment accounting.

Interest indicator is used to calculate the interest on this account

Key date and other last run date shows the interest calculated up to the period and date of calculation is displayed in the master record.

Key data and translation: is used to translate the particular general ledger account in the other languages

Information details reveals the user name created this account and the other information in company code.

DEFINE TOLERANCE: These tolerances are 3 types.

1. Tolerances for gl accounts
2. Tolerances for employees
3. Tolerances for vendors and customers.

In real time the system does not allow the users to process and post transactions beyond these limits set according to the tolerance groups. The screen shot of the gl tolerances after giving the input is as under.

Note: Don't give the tolerance groups in your individual systems. Null group permit all users. If you mention the user group it allows the particular group only. For lab environment. It is advisable to process with null group. Other create the groups and assign the users to groups

Path: spro>img>financial accounting>general ledger accounting>business transactions>open item clearing>clearing diff> define tolerance for gl accounts.

TC: OBA0

Give company code

Give description of the tolerances

Give debit absolute amount credit absolute amount and dr % and cr %. Save. If you assign this group to particular general ledger master the tolerances mentioned for this group applicable for the GL account.

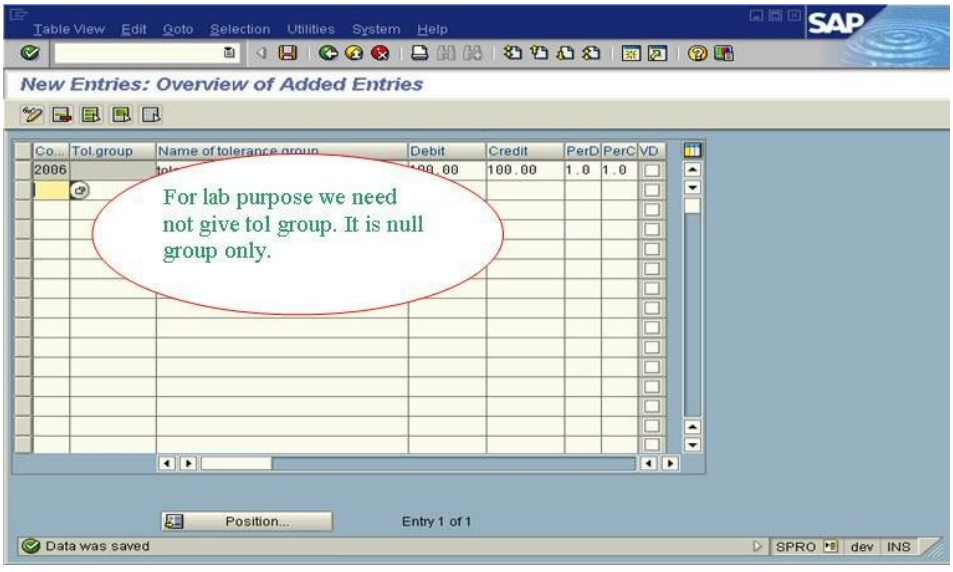


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Co... Tol.group Name of tolerance group Debit Credit PerD PerC VD
2006
100.00 1.0 1.0
For lab purpose we need not give tol group. It is null group only.
Position...
Entry 1 of 1
Data was saved
SPRO dev INS

Figure 36

Tolerances for employees: path: same as above:

TC: OBA4. Select new entries button

Give company code

Give the description of the tolerances

Give the maximum of amount per document: 99999999 Give the maximum amount per line items: 999999999 Give the maximum cash discount as: 5%

Give permitted differences revenue: 500 expenses: 500 and dr%and cr% Give cash discount adjusted to: 100

Tolerances groups are created basing on the authorizations vested with the employees in the organization. We can create as many as employee tolerance groups and assign them the tolerance limits. Accordingly system will not allow the user beyond their limits. It is exclusively for a security and a sense of discipline while discharging the duties in the organization.

Save the data. The screen would appear as under

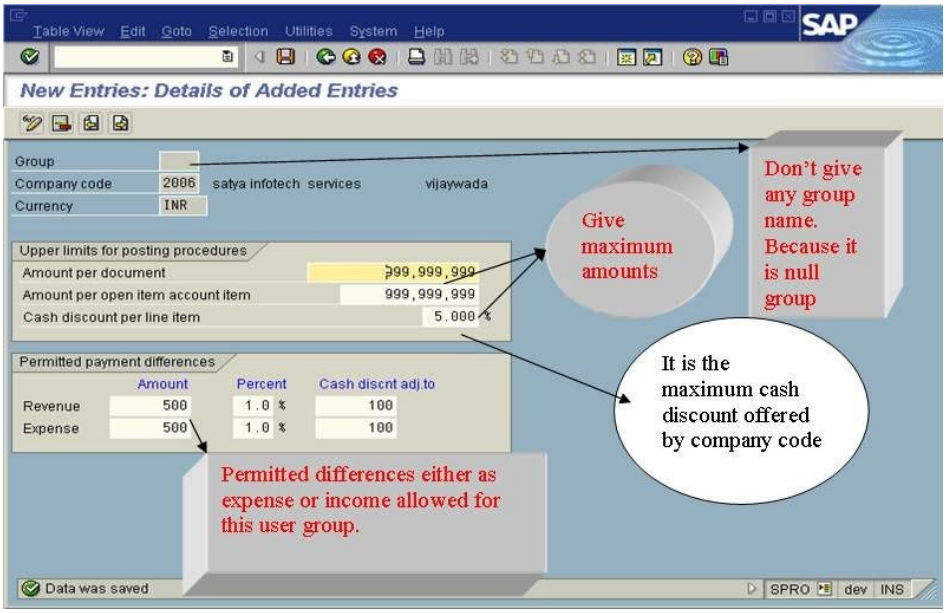


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Group
Company code 2006 satya infotech services vijaywada
Currency INR
Upper limits for posting procedures
Amount per document 999,999,999
Amount per open item account item 999,999,999
Cash discount per line item 5.000 %
Permitted payment differences
Amount Percent Cash discnt adj.to
Revenue 500 1.0 % 100
Expense 500 1.0 % 100
Give maximum amounts
Don't give any group name. Because it is null group
It is the maximum cash discount offered by company code
Permitted differences either as expense or income allowed for this user group.
Data was saved
SPRO dev INS

Figure 37

With the above configurations we have completed the basic settings like as organizational units, general ledger accounting, tolerances, and other Global settings required for posting entries by the user in gl accounting.

Amount per document: this is the maximum amount for the user groups to deal with the document limits.

Maximum line item or open item: this is maximum amount to make the payment of line item while doing the clearing function.

Maximum discount: the discount allowed by this user group while dealing with the incoming and outgoing payments

Permitted payment difference either income or revenue in absolute amount or percentage of line item (lower of the two will be considered) as payment difference. The last column amount of difference up to the amount automatically considers as the cash discount.

Business process: 1:
The client is used to post similar transactions at frequent intervals. The volume of such transactions is high in nature. The user asked to configure the sap functionality to reduce the work burden to post the same information at frequent intervals in stead of repeated postings.

SAP FUNCTIONALITY: To meet such requirement we can configure the reference documents. With the help of such reference documents we can post transactions as and when we require or in some cases at regular intervals also. There are three types of reference documents in sap system.

They are 1.sample doucments 2.recurring documents 3.account assignment model documents. These reference documents can also be deleted, modifiable, amount also can be changed.

Sample documents: They are model documents.

We can use these documents as reference to post the information. The special feature of the sample document is, it will not update the gl balances till it is posted. To create a sample documents the prerequisite condition is

1. Define number range interval for number range: X2(no object) in fbn1 transaction code.

Creation of sample document: f-01 Path: accounting-financial accounting-general ledger-document entry-reference documents-sample document.f-01

Give the header data

Give the line one data and amount text and the related information and give the line item two data and save the entry.

Note: system stores the document with special number assigned to number object X2.

To post the sample document, go general posting screeF-02 and give the header data and go to menu item document>post with reference, and give the sample account number and press enter, and save the data. Now the system updates the document in the general ledger accounts.

Change of sample document: FBM2 Display of sample document: FBM3 Delete sample document: F.57

Note: Any Posted document can be treated as a sample document can be posted if desired changes.

Recurring document: These documents are used to post transactions at frequent intervals with certain start date and close date .i.e. payment of interest on borrowed funds, payment monthly rents, or any nature of that type. The prerequisite condition to open the recurring document is as under.

1. Define number range interval for number range: X1(number object) in FBN1 transaction code.
2. Creation of recurring document: without run schedules:

Path: Accounting-financial accounting-general ledger accounting-document entry-reference documents-recurring documents FBD1

Give the first run on date:

010406 Last run on date:

010307

Interval: 01 monthly (selection help available)

Run date: 30 actual run dates. Give the document type and select the other options if required. And give the general ledger account line item one and line item two and save the recurring document. We can post the transactions as a part of period end closing operations either manually or through schedule manger.

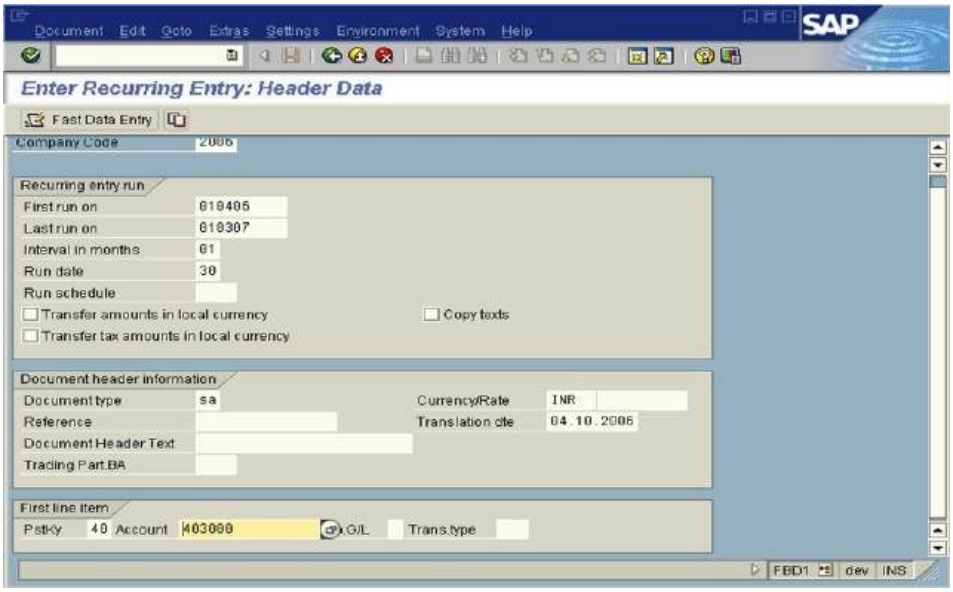


Figure 38

Posting of recurring entries: Accounting-financial accounting-periodic processing-recurring entries-F.14 execute.

Give the company code: 2006

Document number:

Fiscal year: 2006: settlement period is mandatory entry give date and select the other general selections from the entry screen.

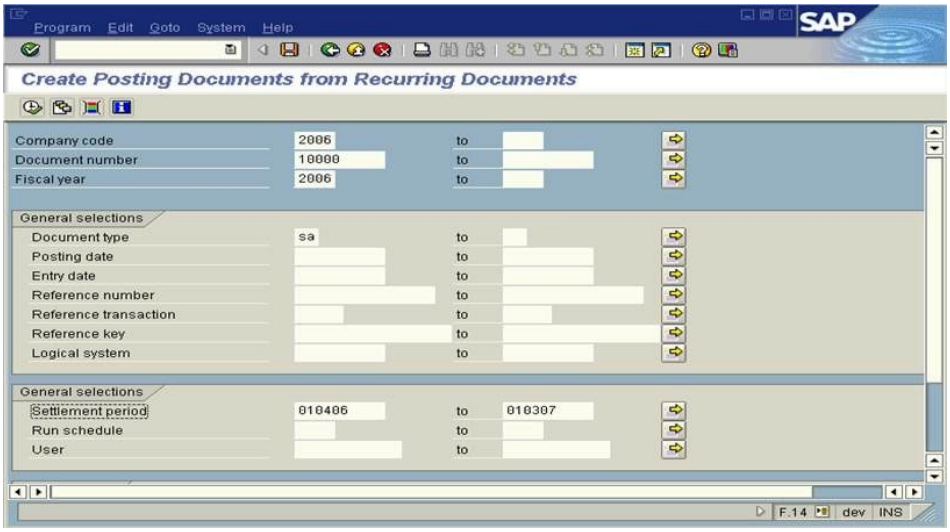


Figure 39

You can select the other parameters to block the session to certain date by giving the block date. up to the date it will lock the session. We can execute after the lock date.

By selecting the hold data option we can retain the faulty processed session without deletion.

And click on execute button. System creates a session with SAPF120; go to menu item system>>batch input>services>sessions. Select the session sapf120 and click on execute process button select display errors only and again enter.

Go and verify the accounts.

Change of Recurring document:

FBD2 Display of Recurring

document: FBD3. Deletion of

recurring document: F.56

The creation of recurring document is two types. With run schedules: path: financial accounting-fags-document-recurring entries-define run schedules:

Click on new entries button and give the details as appear in the screen.

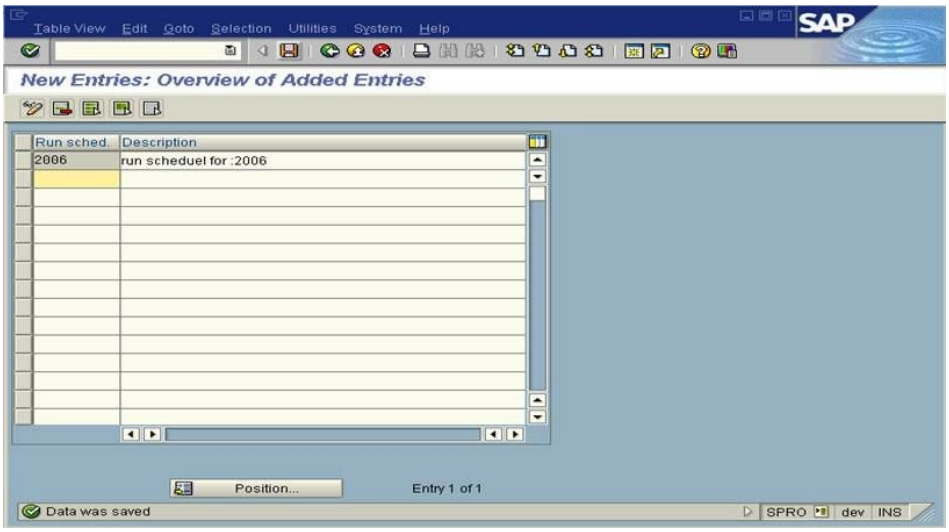


Figure 40

Run schedule id was created for the project.
Enter run dates: path: same path: give the run schedule id: and continue Click on new entries button
Give the run dates

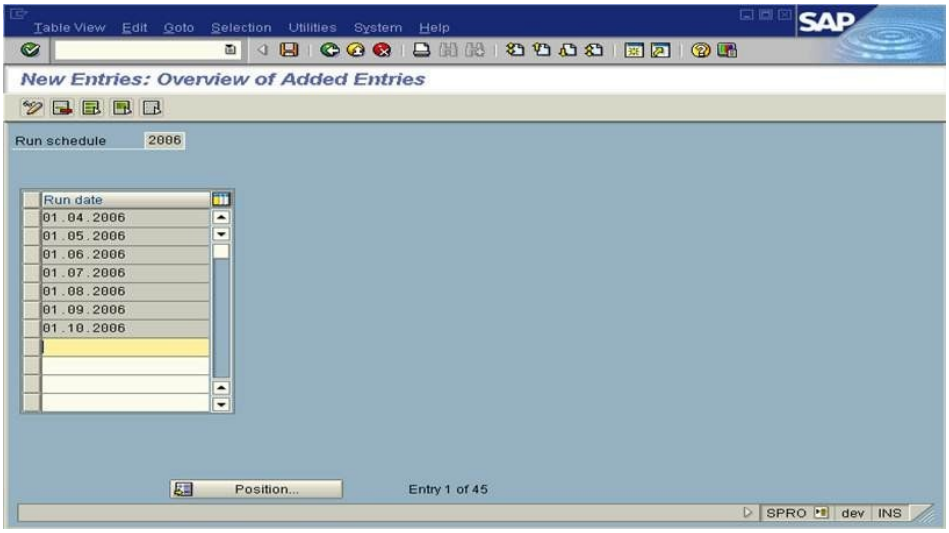


Figure 41

Run dates entered as per the requirement and save the data now create the recurring document in FBD1. (As same as the previous process)

Do not give the first run and last run instead give the run schedule in the column provided. Remaining processes are similar to the previous one.

Recurring document also cannot update the balances till they posted.

To know the recurring entry data, go display of recurring document i.e. FBD3. Give recurring document number<press enter>

Go to menu item <Go to> select recurring entry data. The system displays the data.

Another reference document: Account Assignment Model template document:

This is another type of reference document. It is generally used to post the amount with different business areas and among various general ledgers with % share. It useful to distribute some expenses among various general ledgers. The creation of Account Assignment Model template is two types;

1.With equilance numbers and without equilance numbers.

Note: we can create our own template the account

assignment model or we can use the default template and create the document.(creation of template is in IMG screen>fa>fags>document>account assignment template)

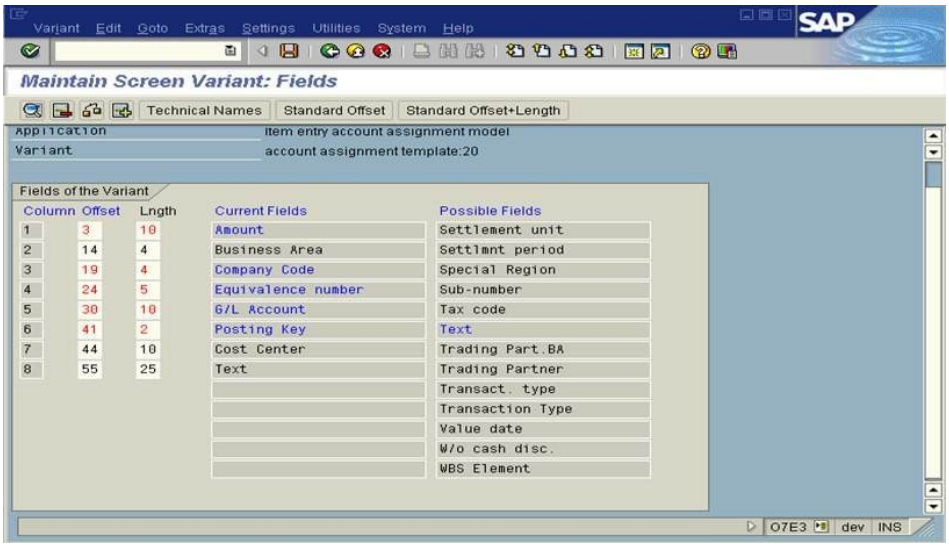


Figure 42

From the possible fields select the field and double click (it will go to current field box)

Like the way select the template fields and save the template for your purposes. (The maximum length if 85 fields only (within the limit we can select any fields for template) save it

Keep the cursor on the template and click on activate button to activate for the template.

Creation account assignment model document: with equilance.

Path: accounting-financial accounting-general ledger-document entry- reference document-account assignment document: FKMT

Give the account assignment template

number: 2006 Click on create option

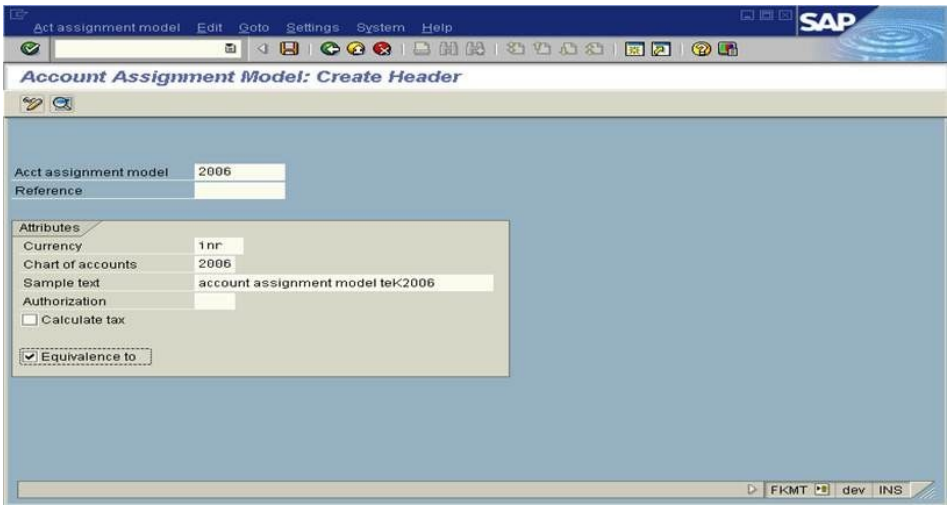


Figure 43

Give the currency and chart of accounts if you want calculate the tax on the items processed through this template select the tax check box and give the details as under

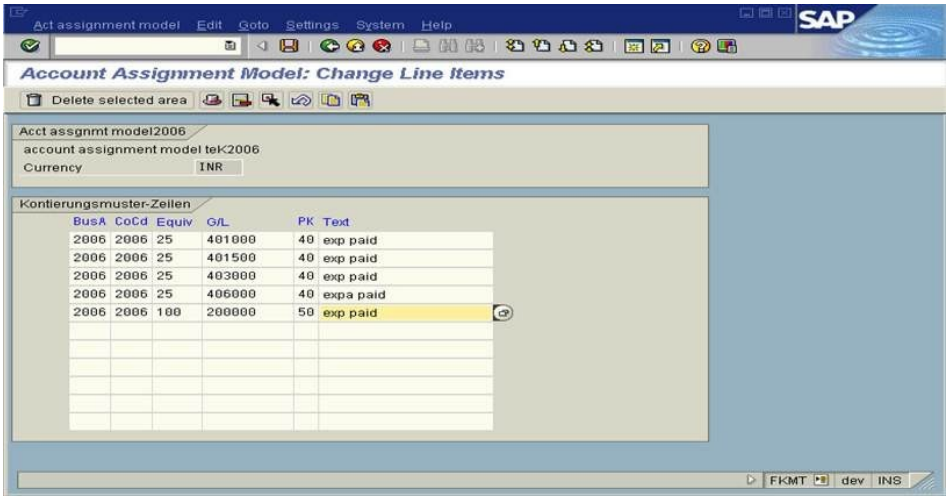

Act assignment model Edit Goto Settings System Help
SAP
Account Assignment Model: Change Line Items
Delete selected area
Acct assgnmt model2006
account assignment model teK2006
Currency INR
Kontierungsmuster-Zeilen
BusA CoCd Equiv G/L PK Text
2006 2006 25 401000 40 exp paid
2006 2006 25 401500 40 exp paid
2006 2006 25 403000 40 exp paid
2006 2006 25 406000 40 expa paid
2006 2006 100 200000 50 exp paid
FKMT dev INS

Figure 44

And save the template

Post the account assignment model template: F-02 give

the header data: Click on account Model button system

Give the debit distribution amount and credit distribution amount in the template

And post amount

You can create another template in the fkmt screen also

SAP enjoy screen for General Ledger posting: TC: FB50

In this screen first we need to change the company code to post the transaction by clicking on the 1.change company code:

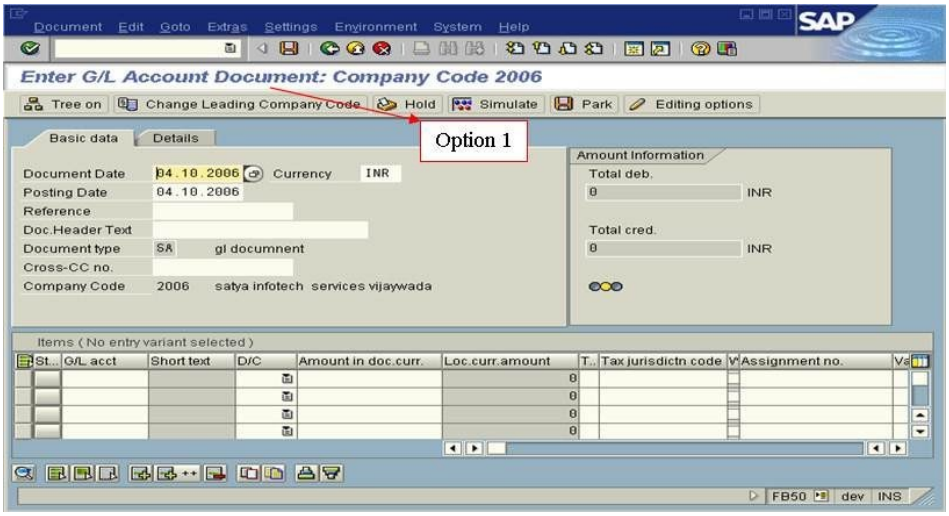


Figure 45

Give the general ledger number and dr/cr indicators amount and give the required information in the screen variant. No posting keys are required in this screen. We can post multiple debits and multiple credits as per the requirement. We can observe the whether the dr/cr balance is equal while posting itself. This is easy for posting in day to day processing.

Business scenario: 2
The client requested to advise the easy processing of documents to their end users while doing the day to day transactions.

SAP Solution: to make the end user job easy, and avoid the delay and inconvenience sap suggests opting for **HOLD AND PARK DOCUMENT** process.

HOLD DOCUMENT: This is one of the required and regular functionality; while processing the day to day operations. It will help to temporarily suspend the work without losing the data which already entered. The

requisite condition is assigning the temporary number to hold the document.

How to hold document: Post the transaction as usually in F-02 general posting, go menu item Document>simulate>Hold or Document>hold How to post the hold document: Go to F-02 general posting, Give header data, click on held document button or go to menu item document>get held document. System asks for the temporary number and give the number and press<enter> and post the transaction.

PARK DOCUMENT: This is one of the other functionality used in daily transactions. It will not also update the general ledger balances till final posting is completed. It can be used when there are no proper authorizations to the user and has to send the document to other user for confirmation of the document.

1. Park document can also be deleted, modifiable, and can be rejected by the user.
2. The main differences between the hold document and park document are park document is parked with the regular document number where as the hold document held with temporary number.
3. The main feature of the Park Document is, we can change the header data details including the posting date and document type. This is the only area we can change the posting date, and document type in SAP environment.

How to park the document: go to normal posting i.e. f-02 and give the header data and line item data as usual. Go to menu item document click on <park>. Document will be parked with original number. Or we can park the general ledger document in separate posting screen. Transaction code: F-65. Usual posting screen but exclusively for parking of document.

Posting of Parked document: Accounting>fin. Accounting>general ledger>document entry>parked document> FBV0 post/delete park document. Give the company code: 2006.give the parked document number

Give the fiscal year: 2006

Press enter and to post save the document. Document will be posted.

We can change the details of parked document, reject, modify, and delete the parked document.

Note! We can change the posting date of the parked document and other header details also. This is the only area we can change the header data details.

BUSINESS SCENARIO: In Satya InfoTech the end-users are not trained enough in sap environment. If they posted the entries wrongly, what is recourse available for rectification of that posted entries. Please guide the users in this regard.

REVERSAL OF DOCUMENT: To meet the above scenario, sap suggests only reversal of document we can not change the certain parameters of the original document, like posting date amount and account numbers. The reversal functions are two types in sap environment. The first one is standard reversal and the second one is negative reversal.

Pre requisites: The prerequisite to reverse any entry
(a) define the reason code for reversal

Path: spro>img>financial accounting>general ledger accounting>business transactions>adjustment posting/reversal:

Give the reversal reason: two character code

Give the description: standard reversal and

negative reversal Select the Alternative posting

date for the both the codes Select Negative

posting check box for negative reason code.

If you want to do the negative reversal the following conditions should be met.

1. Reason code must be selected with negative posting check box
2. The company should also permitted with negative posting
3. The document type should also permit with negative posting. The reversals are four types.
    1. Individual reversal
    2. Mass reversal
    3. Reversal of clearing document
    4. Reversal of reversal document

The reason code screen will appear as under Satya info Tech Company has created two reversal reasons as appearing in the screen

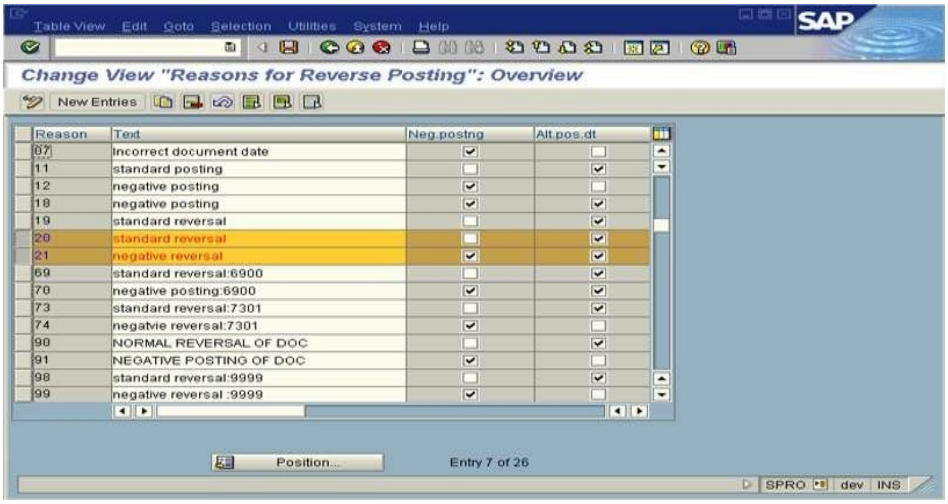


Figure 46

Individual reversal of an entry:

The path: accounting> financial accounting> general ledger> document> reveres> FB08 individual reversal **FB08**

For Mass reversal the Transaction code: F.80

Give the document no: you want to reverse(if you do not know the number select document list button and give selection parameters and select the number to reverse)
Give reason code: 20 or 21 (We have created
Give posting date:
xxxxxx Save the data
Entry will be reversed

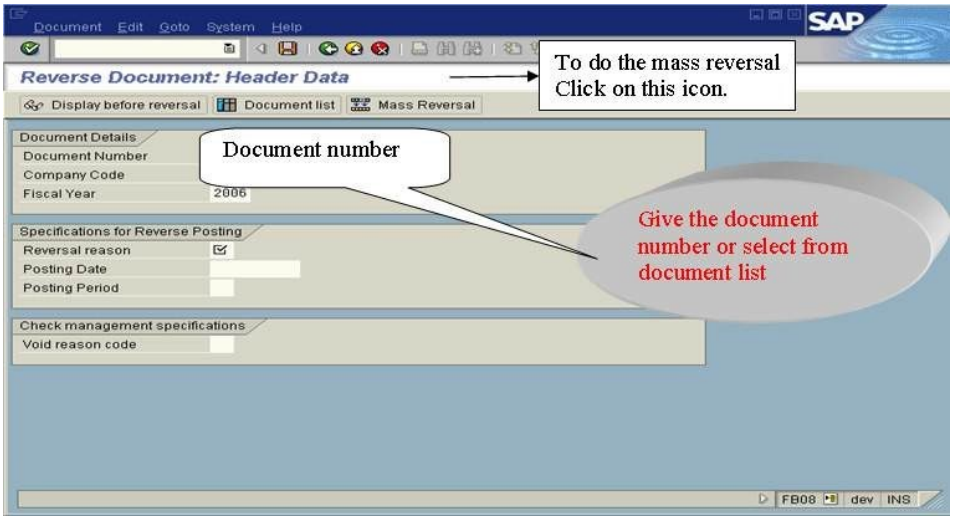


Figure 47a

Mass reversal functionality will be done to reverse the multiple entries.

To reverse the clearing entries, we have to reset the clearing document in TC FBRA

We can reset and reverse the clearing document in the same screen it self.

To reverse the reversed document we have to change the message control as warning. Then the system will allow the reversal of reversed document.

(Pre requisite for reversal of reversal document)Change message control: path: financial accounting-document-default values for document processing-change message control for document processing: Give application area: f5 (document editing)

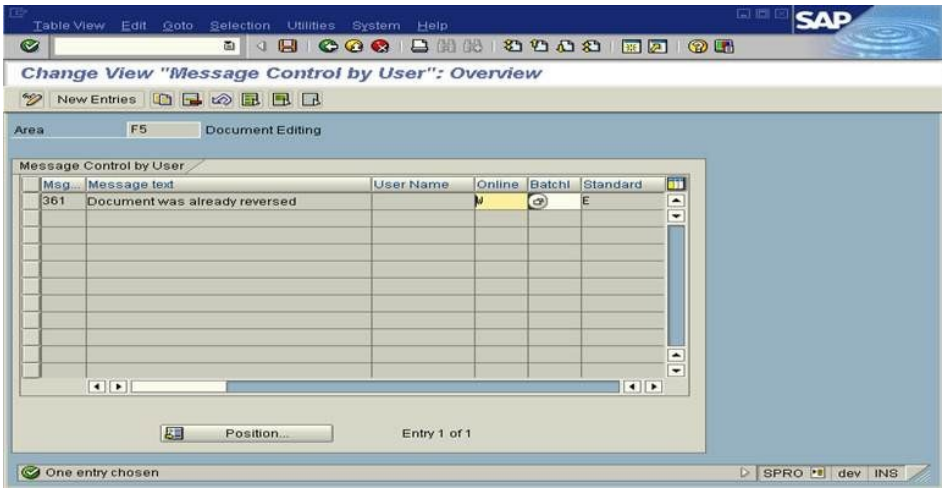


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Message Control by User": Overview
New Entries
Area F5 Document Editing
Message Control by User
Msg... Message text User Name Online Batch/ Standard
361 Document was already reversed E
Position...
Entry 1 of 1
One entry chosen
SPRO dev INS

Figure 47b

Click on new entries button; select the message number change the online and batch input option fields as warning: there by the system give the warning message. We have to define it once for a client.

Accrual/Deferral documents:

In real time accrual nature of either income or expenditure is common. Every organization has to consider this type of income and expenditure accurately for period it belongs. Then only the balance sheet or profit and loss account reflects as correctly in the financial statements. Hence this of activities is as important as a mater of practical in real time. Hence as a

consultant we have to guide the end user properly in this regard.

Accrual/Deferral:

Expenses or Revenues posted in one period may sometimes pertain to either previous periods or future period also. In this scenario, we have to consider this income or expenditure, relating to this period only. The remaining amount has to be considered as accrual/deferral. ACCRUAL means adjusting the amount relating to the past period received/paid in present period is called as accruals. DEFERRAL means adjusting of the future period amount received/paid in the present period is called deferral. In the both instances, we have to adjust and post the correct amount in the present period accurately. For this purpose we need to define the accrual/deferral document.

Pre requisite: define reversal reason code:

Financial accounting-general ledger accounting-business transactions- adjustment posting/reversal-define reasons for reversal.

Click on new entries button

Give two character codes: and description.

Select the alternative posting date check box and negative posting check box and save. The screen is as under

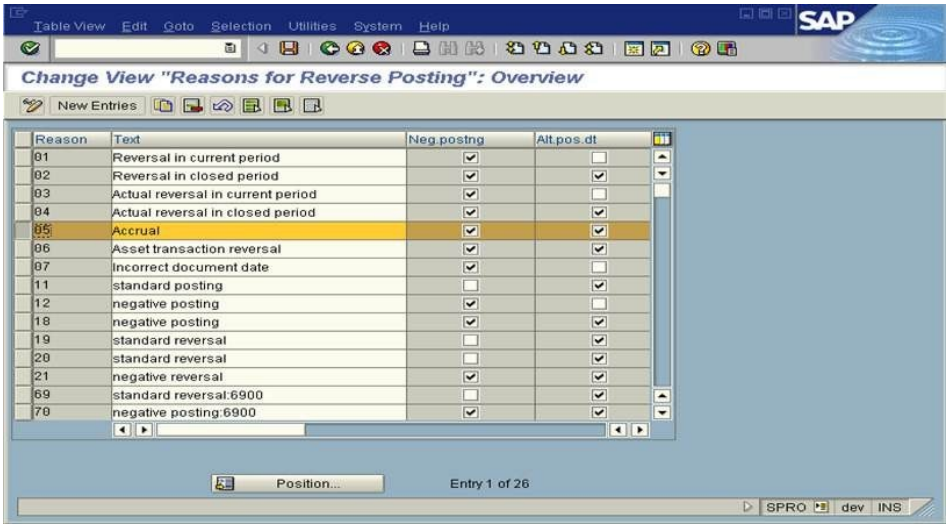


Figure 48

05 is the code defined by SAP. We can use it for the project requirement. Accounts required: expense and revenue accounts.

Accrued income and pre paid expenses account as clearing account or we can use

Expenses payable or income receivable accounts also.

BUSINESS SCENARIO:

Post the expenditure in F-02(insurance for the quarter).15000/- per month 5000/- each. However, actual expenses for this month are 5000/-only the remaining 10000/- expenses paid in advnces. We need the bifurcation of insurance expenses as above. Other wise the total 15000 amount reflects in profit and loss account

Define Accrual/Deferral Document: accounting-financial accounting-general ledger-periodic processing-closing-valuate-FBS1 accrual/deferral document.

Give the document date: 31.10.2006

Posting date: 31.10.2006: document

types. SA Give the reversal reason: 05

accrual

Give the reversal Date: 01.11.2006 (next month on which it has to be reversed)

Posting key: 40 General ledger accounts: pre paid insurance account

Give the amount and text second posting key 50 general ledger account: insurance exp account simulate and save the transaction

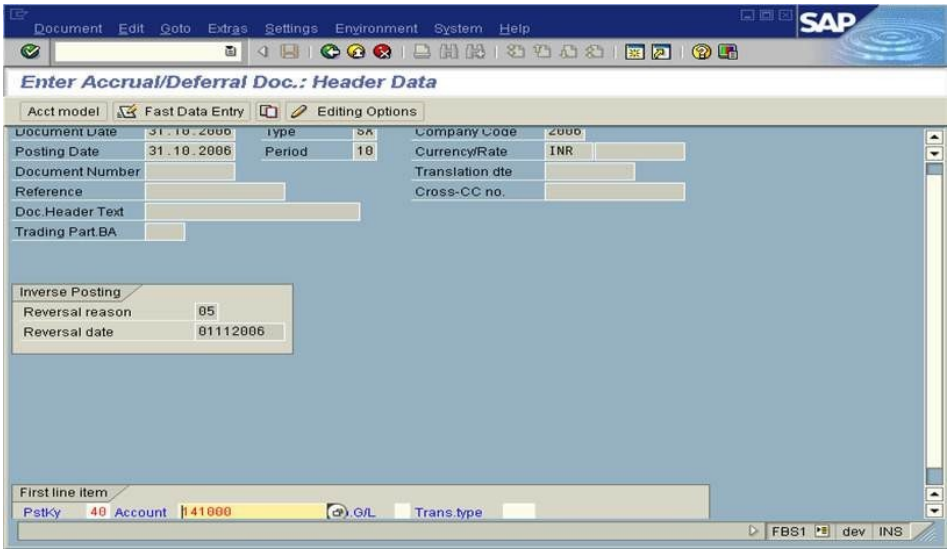


Figure 49

Reverse the accrual document on 01.11.2006.

Path is same the transaction code: F.81 reversal of accrual document. Give the company code: 2006

document number: 100052

Period: and posting date and document type details and deselect the test run button and

Execute the reversal.

Accrual document can be posted with the help of recurring document also.

CLEARING FUNCTION:

This function is used to clear the outstanding entries in the general ledger accounts. Example: outstanding amounts in expenses payable and income receivable accounts. To clear the amounts we can do three types of clearing functions.

1. Standard clearing
2. Partial clearing
3. Residual clearing.

To do the residual clearing we have to define reason codes and accounts for clearing difference account

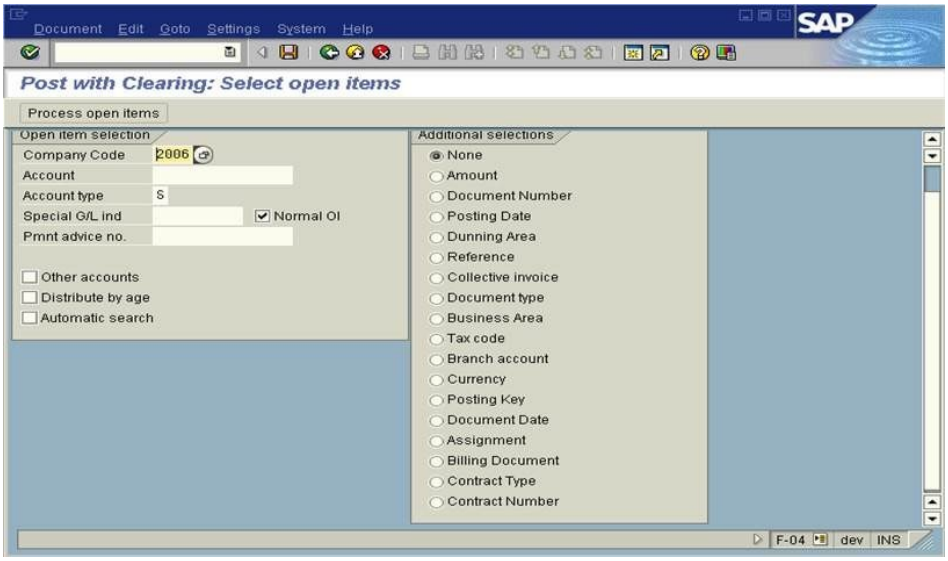


Figure 50

While doing the clearing function we can select the additional selections to make the payments.

If you want to make the payment document number we can select this option and give the Document from number and to number to clear the items. Other wise if you want to make the Payment basing on the option of dunning area wise we can make the payment like that.

We can see the other accounts of the same customer/or vendor by selecting the particular option.

Can see the items with special GL heads also can be viewed from this screen.

The clearing function is one of the excellent functionality in SAP environment.

The main difference between the partial clearing and the residual clearing is the former one display the original open item amount and partial payments as open items until the account is settled in full.

The final settlement will convert all the entries as cleared item. In case of the latter one, the it clears the original open item as cleared item and creates a new open item with the residual amount. If you mention the reason code in residual clearing function the residual amount automatically posted to Payment diff ac (automatic determination should have been done in the chart of account level). If no Reason code is assigned it will credit/debit to the same account.

Automatic Clearing:

This is one of the functionality used to clear the accounts with open and clear items. And further used group the open items basing on some criteria and clears them according to the criteria.

Prepare Automatic clearing: path: financial accounting-general ledger accounting-business

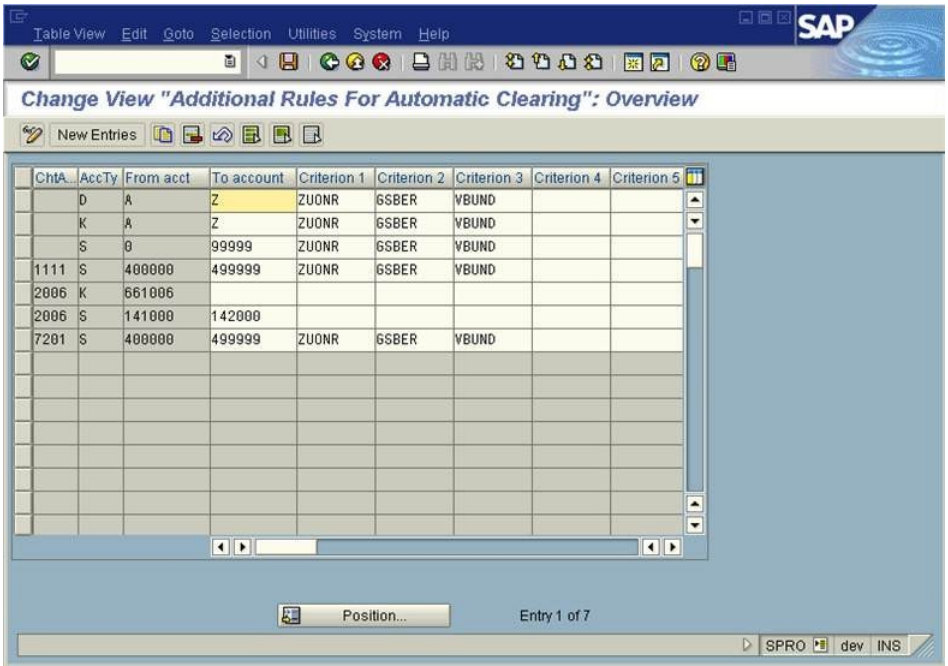


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Additional Rules For Automatic Clearing": Overview
New Entries
ChtA... AccTy From acct To account Criterion 1 Criterion 2 Criterion 3 Criterion 4 Criterion 5
D A Z ZUONR GSBER VBUND
K A Z ZUONR GSBER VBUND
S 0 99999 ZUONR GSBER VBUND
1111 S 400000 499999 ZUONR GSBER VBUND
2006 K 661006
2006 S 141000 142000
7201 S 400000 499999 ZUONR GSBER VBUND
Position...
Entry 1 of 7
SPRO dev INS

transactions-open item clearing-prepare automatic clearing: TC: OB74.

Click on new entries

button Give chart of

accounts :2006 Give

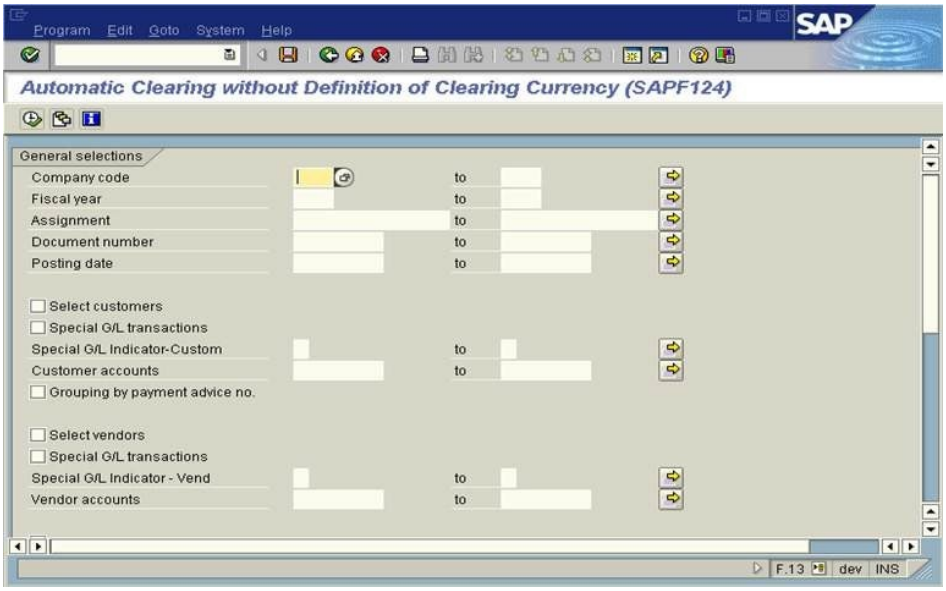
account type:K,D,S

Give the account numbers from number and to number

Give the clearing criterion or group criterion and save the data.

Post the transaction in open item accounts. And clear it with partial clearing option. There by both the items appear as open items. Now execute the Automatic clearing Programme as under:

Accounting-financial accounting-general ledger-automatic clearing- F-13 automatic clearing with or without specifying the currency



Give the details and select the accounts for executing the programme:

It automatically clears the open items. This programme is useful for clearing the open items with automatic posting transactions.i.e. GR/IR clearing account.

This programme is used to clear the account with huge volume of accounts with numerous line items either on line or as background processing as batch input. And further it is useful clear the gl accounts with post automatically option is set. The individual accounts will be

cleared by manual clearing of an account in F-03 clear functionality.

The automatic clearing functionality is quiet different form the automatic payment programme used in accounts receivable and accounts payable component. The Automatic payment programme is defined to clear the open items in customer and vendor accounts, and post the entries in bank accounting and issues the cheques for paid amounts simultaneously.
Automatic clearing function is simply to clear the open items basing on the grouping criterion.

FOREGIN EXCHANGE TRANSACTIONS: BUSINESS SCENARIO:
Satya Info Tech engaged in extending the services foreign customers and avails service from foreign consultants at frequently. The transactions have to be made in foreign currency also. Hence requested the consultants to customize the foreign exchange transactions in US dollars separately. For this purpose the want to maintain separate foreign currency i.e. US dollar account and valuate the outstanding amount in foreign currency at regular intervals. Hence the company is requesting to customize the same in SAP environment.

SAP ENVIRONMENT FOR FOREGIN EXCHANGE
TRANSACTIONS: To meet the above scenario SAP provided the functionality as under. We can customize the requirement in the following process and steps.

1. Set the foreign exchange quotations in the sap system:

   Path: financial accounting>general settings>currencies>set quotations for foreign exchange transactions TC: ONOT

2. Check exchange rate types in the system: SAP has already provided the different exchange rate types with the software. We can use those rate types. The main important rate types are as under

   1. B: bank selling rate
   2. G: bank buying rate
   3. M: average rate.
   4. Historical rate.

If the company accepts we can use those rate types or we

can define new rate types as per the request of the company.

Give the 4 character key for the exchange rate type and give the description of the rate type.

TC: OB07

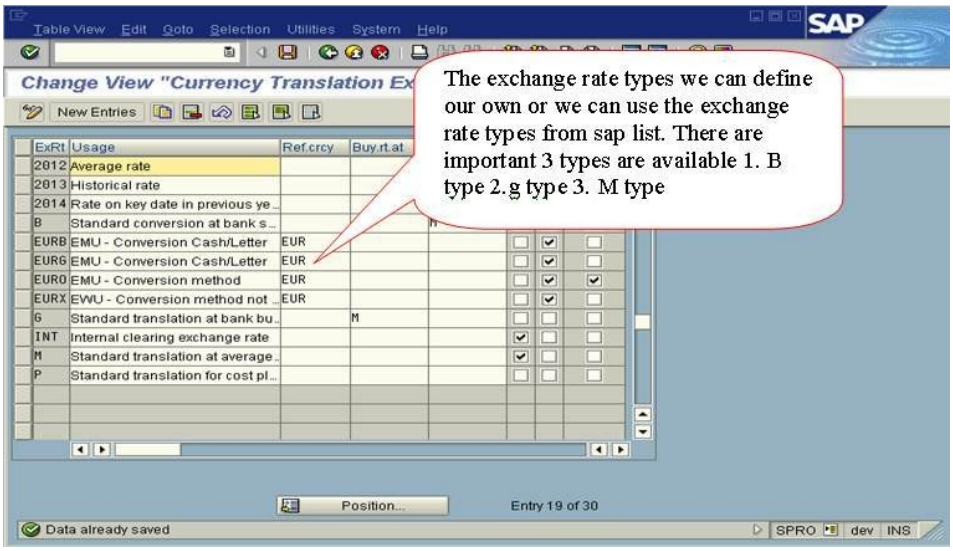


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Currency Translation Ex
New Entries
The exchange rate types we can define our own or we can use the exchange rate types from sap list. There are important 3 types are available 1. B type 2.g type 3. M type
ExRt Usage Ref.crcy Buy.rt.at
2012 Average rate
2013 Historical rate
2014 Rate on key date in previous ye...
B Standard conversion at bank s...
EURB EMU - Conversion Cash/Letter EUR
EUR6 EMU - Conversion Cash/Letter EUR
EURO EMU - Conversion method EUR
EURX EWU - Conversion method not ... EUR
G Standard translation at bank bu... M
INT Internal clearing exchange rate
M Standard translation at average...
P Standard translation for cost pl...
Position...
Entry 19 of 30
Data already saved
SPRO dev INS

Figure 51

3. DEFINE TRANSALATION RATIOS FOR CURRENCY TRANLATION:

In this step we have to define the translation ratio for each currency pair for which we want to take up the foreign exchange transactions. In the present case it is US dollars against Indian Rupee.

The Path: same as above the TC: OBBS. The screen will appear as under.

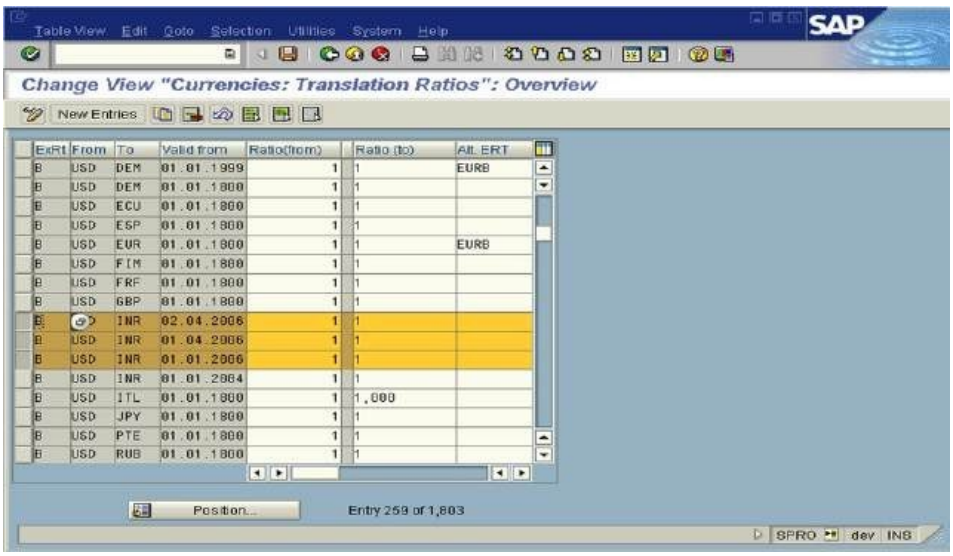


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Currencies: Translation Ratios": Overview
New Entries
ExRt From To Valid from Ratio(from) Ratio (to) Alt. ERT
B USD DEM 01.01.1999 1 1 EURB
B USD DEM 01.01.1800 1 1
B USD ECU 01.01.1800 1 1
B USD ESP 01.01.1800 1 1
B USD EUR 01.01.1800 1 1 EURB
B USD FIM 01.01.1800 1 1
B USD FRF 01.01.1800 1 1
B USD GBP 01.01.1800 1 1
B USD INR 02.04.2006 1 1
B USD INR 01.04.2006 1 1
B USD INR 01.01.2006 1 1
B USD INR 01.01.2004 1 1
B USD ITL 01.01.1800 1 1,000
B USD JPY 01.01.1800 1 1
B USD PTE 01.01.1800 1 1
B USD RUB 01.01.1800 1 1
Position...
Entry 259 of 1,803
SPRO dev INS

Figure 52

Select new entries

button Give

exchange rate type B

Give from Currency:

usd Give to

currency: INR Give

valid date: 010406

Give ratio from (1) to (1) @if you want to use alternate currency give alt currency

Save the data

ENTER EXCHANGE RATES: FOR EXCHANGE RATE TYPES:

We have to enter the exchange rates to all exchange rate types if necessary or if you are following one type of rate, we can maintain the rates for that type only. Give the

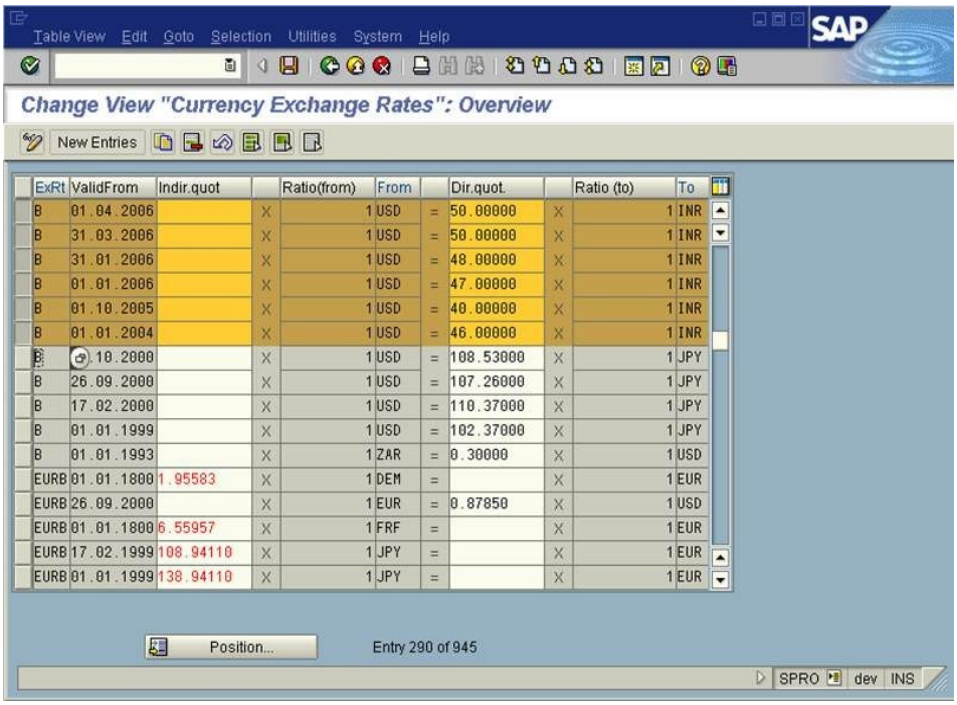


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Currency Exchange Rates": Overview
New Entries
ExRt ValidFrom Indir.quot Ratio(from) From Dir.quot. Ratio (to) To
B 01.04.2006 1 USD = 50.00000 1 INR
B 31.03.2006 1 USD = 50.00000 1 INR
B 31.01.2006 1 USD = 48.00000 1 INR
B 01.01.2006 1 USD = 47.00000 1 INR
B 01.10.2005 1 USD = 40.00000 1 INR
B 01.01.2004 1 USD = 46.00000 1 INR
B .10.2000 1 USD = 108.53000 1 JPY
B 26.09.2000 1 USD = 107.26000 1 JPY
B 17.02.2000 1 USD = 110.37000 1 JPY
B 01.01.1999 1 USD = 102.37000 1 JPY
B 01.01.1993 1 ZAR = 0.30000 1 USD
EURB 01.01.1800 1.95583 1 DEM = 1 EUR
EURB 26.09.2000 1 EUR = 0.87850 1 USD
EURB 01.01.1800 6.55957 1 FRF = 1 EUR
EURB 17.02.1999 108.94110 1 JPY = 1 EUR
EURB 01.01.1999 138.94110 1 JPY = 1 EUR
Position...
Entry 290 of 945
SPRO dev INS

details as under

Figure 53

Give exchange rate

type :B Give valid from

date:010406 Give ratio

from:1

Give currency:

usd Give rate:

applicable Give

ratio 1

Give to currency:

inr Save

We can maintain different rates for different exchange rate types with different validity periods. Generally these rates will be downloaded from everyday from RBI. These data will be maintained in currency table.

While posting the foreign exchange transactions, the system by default considers the Average Rate Type i.e. M rate type and assigns the rate on the particular date on which the transactions are posted. Otherwise we can assign any exchange rate type; accordingly the system considers the rate and rate type as well. The posting will be made in F-02 General posting only (for gl accounts) or otherwise respective screens.

With a view to consider the exchange rate fluctuations we have to define the accounts for exchange rate differences accounts. And make the automatic determinations accounts for exchange rate differences.

Path: financial accounting>general ledger accounting>business transactions>open item clearing> define accounts for exchange differences: **TC OB90**

Give chart of

accounts: 2006 Select

new entries button:

Give the account number: Gl account (the ac for which considers exchange diff)

Give the ex. rate diff realized accounts: ex. diff account (either single or two diff A/Cs)

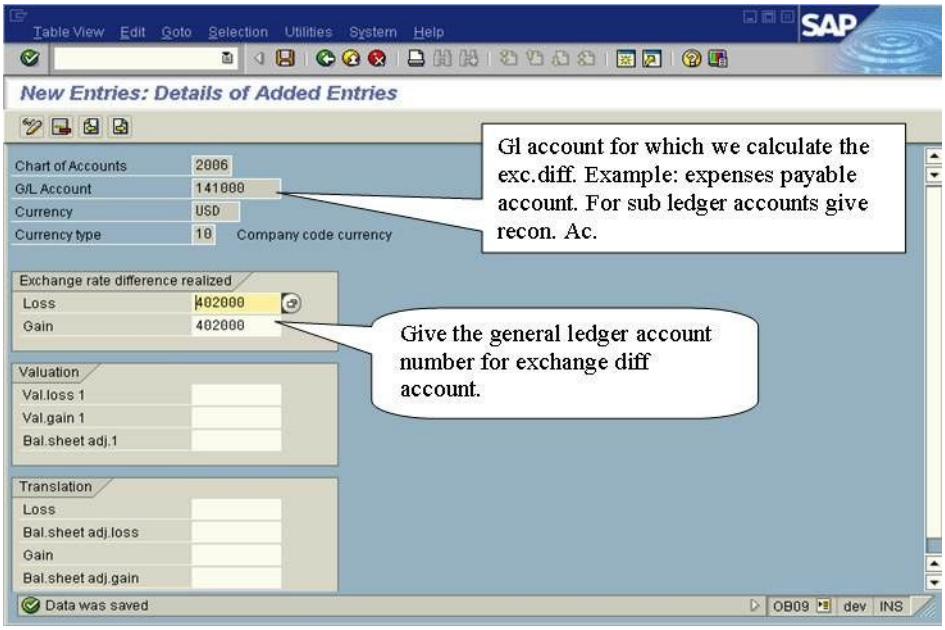


Figure 54

We can maintain the number of accounts basing the currency type, gl account type separately or single account for all types of currencies and currency types also.

Valuation of foreign exchange balances on key date:

Path: financial accounting>general ledger accounting>business transactions>closing>valuating>foreign currency valuation>define valuation method

TC OB59

Select new entries button

Give valuation method code:

2006 Give description: fe

valuation for: 2006

And the remaining things as under in the screen

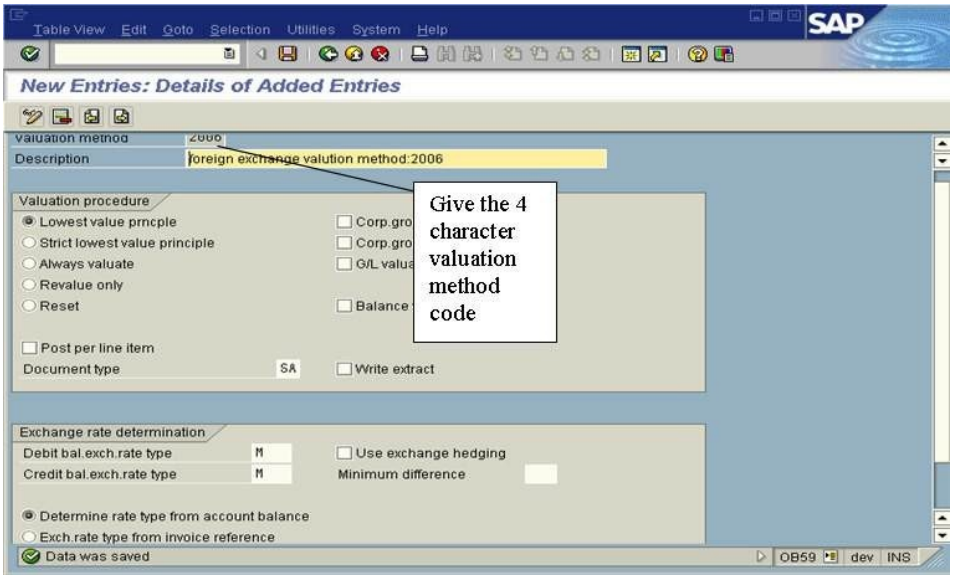


Figure 55

Valuation group: It is used to group the all customer, vendor, and general ledger accounts into group and apply the same exchange rate type as a group as a whole.

Valuation area: It is applicable legal reporting the financial statement as per the different accounting principles.i.e. Indian accounting standards, and GAAP, in such cases we have to create valuation areas, to valuate the foreign currency and customer and vendor balances

Lowest value principle: if you select this check box the system calculates the exchange rate difference valuation basing the lowest rate of the two.

If you select revalue check box only revaluation as income will only be considered for revaluation and devaluation will not be considered for the purpose of valuation.

If you set any minimum difference amount in the column provided the system will not revaluate the currencies up to this amount of difference.

If you want to select whether the exchange rate to be considered for revaluation either from account balance or form the invoice reference.

Execute the foreign exchange valuation method n transaction code: F.05

While executing the foreign exchange valuation if you want posts the entries for balance sheet purpose don't select the Reverse Posting check box. For regular monthly valuation purpose select reverse posting check box.

Business process: Satya info tech uses every month ie 01.01.06 to 30.06.06 as per the average rate type M. The value for the entire month is RS.40 per dollar. However, on 28.10.06 the company decided to valuate the foreign currencies at the average rate 45.(this 45 is only exclusively for foreign currency valuation purpose only) for the regular transactions, the old rate is applicable for their regular business transactions. How can you configure this business process in SAP environment?

SAP Business Process: We can configure the above scenario in sap. We have to define one average rate type and rate for regular business transactions. To take up the foreign currency valuations, we need to define another rate type and rate @45. And accordingly do the foreign currency valuations with out disturbing the applicable rate for regular business transactions.

BUSINESS SCENARIO: Satya info tech has availed a Bank term loan from State Bank of India, pimpri Branch. Bank is charging every month interest on the term loan. Like the way satya InfoTech has availed different other loans and given loans to some of its employees@10%. How to calculate the interest on the term loans? Bank is charging 12%on the outstanding. Make the customization in SAP environment.

SAP ENVIRONMENT FOR CALCULATING INTEREST:

SAP has provided with the interest calculation methods. There are two types of methods are available. One is Balance Interest calculation and another one is Item interest calculation. Balance method is applicable to interest calculation on gl balances and item interest will applicable to vendor and customer balances. The customization process is under:

1. Define interest indicator: spro>img>fa>gl accounting>business transactions>bank account

interest calculations>define interest indicator: **TCOB46**

Select new entries Button:

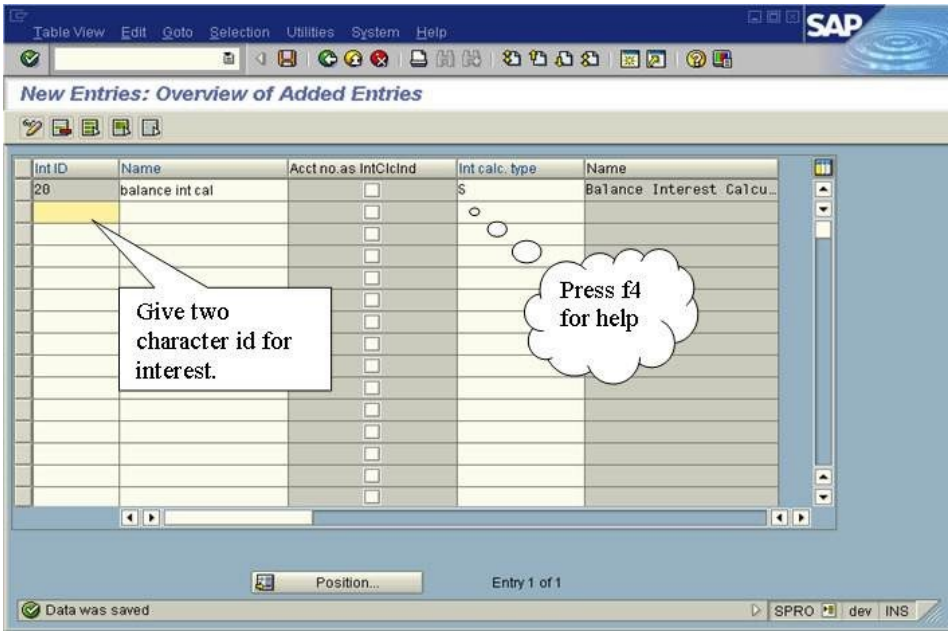


Figure 56

Give indicator: two character (alphanumeric):20 Give description: Balance into calculation Interest calculation type: “S“Balance into cal type Save. The screen shot is above.

If you want to consider the account number itself is the indicator for calculation of interest select the relevant check box and proceed further.

PREPARE ACCOUNT BALANCE INT CALCULATION (GENERAL SETTINGS) TC OBAA

Path is same:

Select new entries Give interest indicator

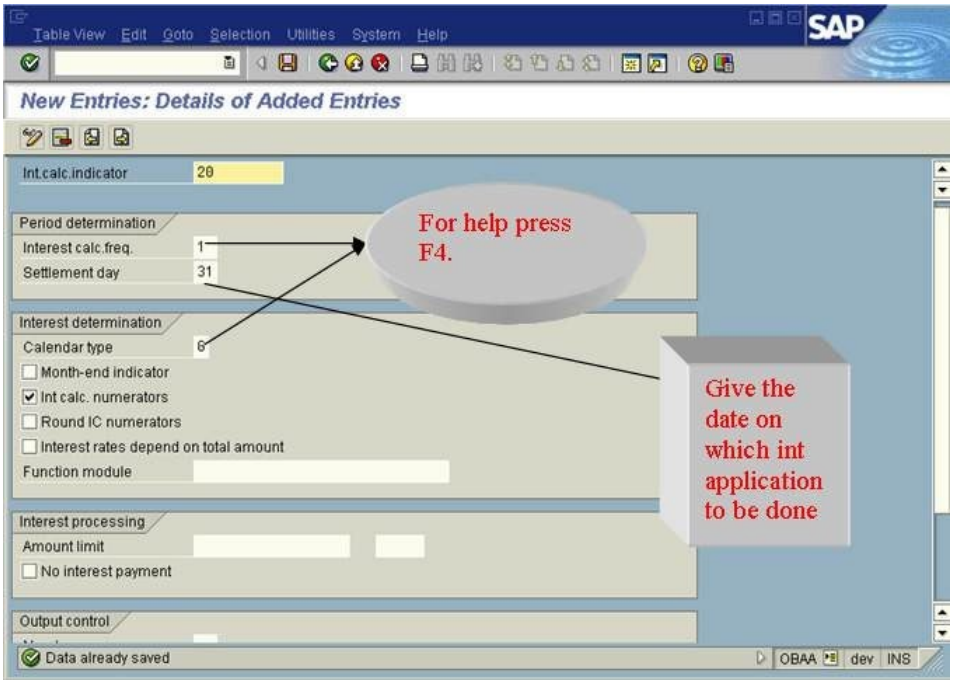


Figure 57

Interest cal frequency: 1 monthly (help press f4)

Settlement day: 31 (the day on which interest is applied by the bank) Calendar type: G (German calendar) press f4 for help

Select the Balance plus interest

check box Save the data the

screen is as above

Month end indicatory specifies the number of days for the February is 30 days not 28 it is applicable in case of certain calendar types only.

If you select the Round IC numerators, system displays the Product (amount*no days) on which the interest is calculated.

If we select the option interest rates depend on the amount: system calculates interest on the total amount instead of graduate interest scale is there also.

If the amount mentioned in amount limit column the interest amount is restricted to this amount only

If you select the no interest payment check box the system will not calculate the interest for the accounts carrying the indicator.

Define reference interest rates :(separately for debit into and credit into)

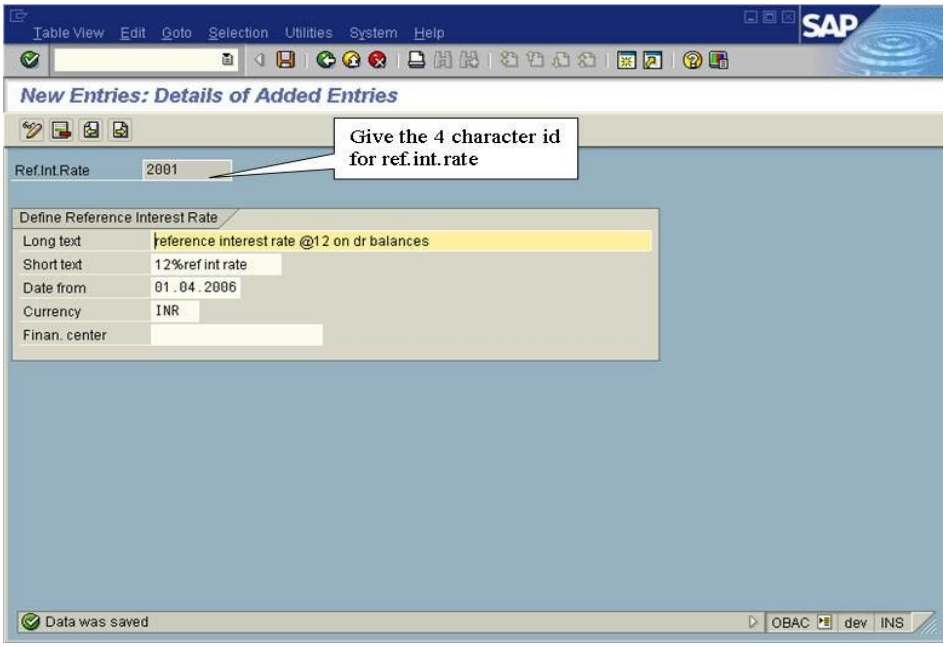


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Give the 4 character id for ref.int.rate
Ref.Int.Rate 2001
Define Reference Interest Rate
Long text reference interest rate @12 on dr balances
Short text 12%ref int rate
Date from 01.04.2006
Currency INR
Finan. center
Data was saved
OBAC dev INS

Figure 58a

Give the above details and select next entry button. Give the ref into rate for cr balances. Save the data the screen will appear as above

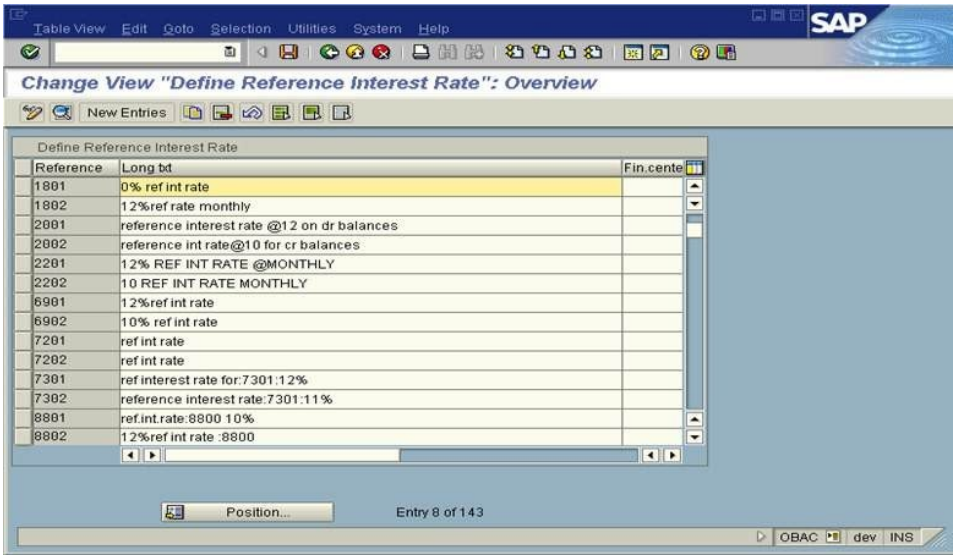


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Define Reference Interest Rate": Overview
New Entries
Define Reference Interest Rate
Reference Long txt Fin.cente
1801 0% ref int rate
1802 12%ref rate monthly
2001 reference interest rate @12 on dr balances
2002 reference int rate@10 for cr balances
2201 12% REF INT RATE @MONTHLY
2202 10 REF INT RATE MONTHLY
6901 12%ref int rate
6902 10% ref int rate
7201 ref int rate
7202 ref int rate
7301 ref interest rate for:7301:12%
7302 reference interest rate:7301:11%
8801 ref.int.rate:8800 10%
8802 12%ref int rate :8800
Position...
Entry 8 of 143
OBAC dev INS

Figure 58b

Enter interest values: TC OB83(path is same)

Select new entries button:

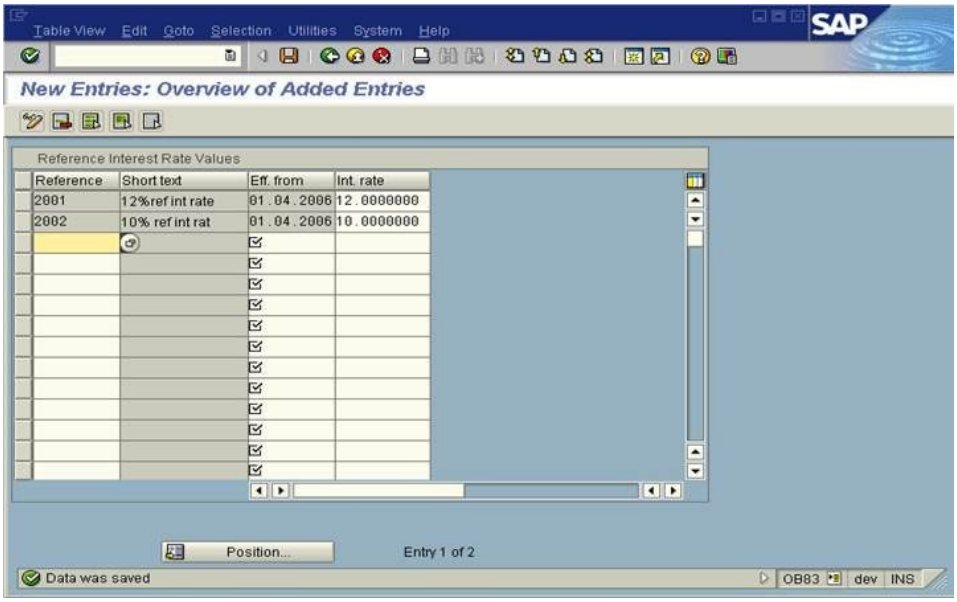


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Reference Interest Rate Values
Reference | Short text | Eff. from | Int. rate
2001 | 12%ref int rate | 01.04.2006 | 12.0000000
2002 | 10% ref int rat | 01.04.2006 | 10.0000000
Position...
Entry 1 of 2
Data was saved
OB83 dev INS

Figure 59a

Give ref into rate:
2001 With effect
from: 010406
Interest Rate: 12
And do the same process for rest of the reference interest rate also. The screen will appear as inthe figure.
Enter Time Dependant terms (path is same) TC: OB81

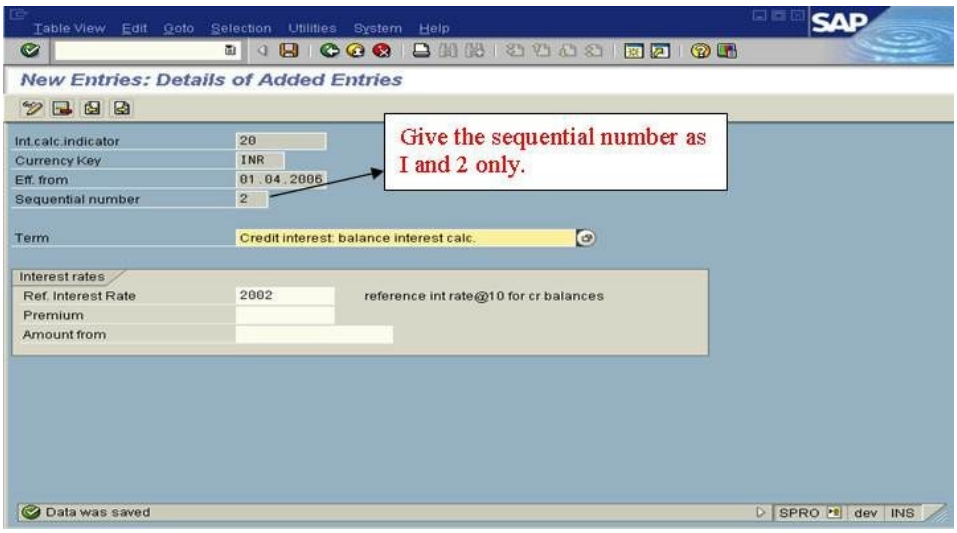


Figure 59b

Give the into indicator: 20 currency key: inr eff from: 01.0406 sequential no:2 term:cr. Bal. int. cal

Ref into rate: 2002 like the way create for dr balances, ref into rate 2001 also. The screen is above.

If you mention any percentage in the premium column, system considers this rate as additional rate specified in reference rate. The effective would be reference rate plus premium rate if any.

In the amount from column, if you specify any amount the system considers the over and above amount at this rate. This configuration is required for any graduated interest rates applicable for the different amount scales.

For automatic posting of interest we have to make automatic determination of accounts in transaction code: OBV2.

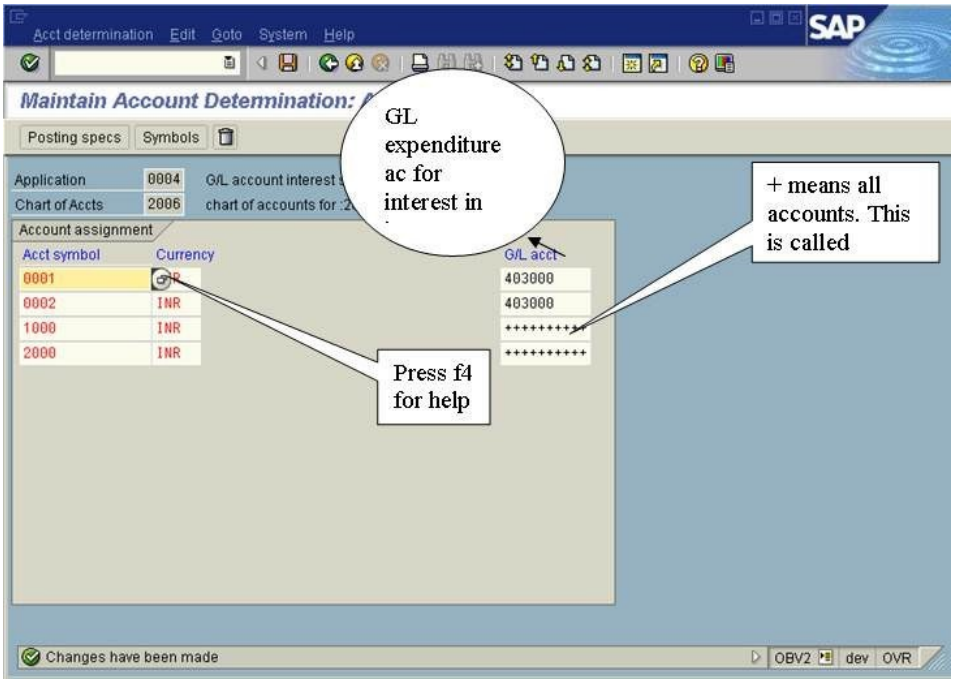


Figure 60

Give chart of

accounts: 2006 Select

accounts button

Give account symbol: 0001 currency inr general ledger no: 403000 (interest expenses ac)

Give account symbol: 0002currency inr general ledger no.

403000 (interest income ac)

Give account symbol: 1000 currency inr give Masking with symbol (+)(as above)

Give account symbol: 2000 currency inr give masking with symbol (+) as above)

Note: masking is done to take care of all general ledger accounts for the purpose of calculation of interest rather than mentioning any single account(single ac no. will apply the interest on that ac only)

2. Account symbols are defined by sap do not change it.
3. Open the loan account with (bank account conditions) and give the interest indicator in loan account master
4. Post the loan transactions and go for executing of interest application in F.52 balances(under periodic processing in general ledger folder.
5. For posting of interest select post interest settlement check box and update the interest details select the update master record check box. A programme is created with name RFSZIS00 Now go menu item system>services>batch input>sessions> select the above session and click on process button select display errors only click on process button. System will apply the interest to loan ac go and verify the document in FB03.

OTHER IMPORTANT BUSINESS SCENARIO CUSTOMISATION:

Deletion of General ledger account: in this connection I would like to advise deletion is not possible once the data was posted into the accounts. Then the option only to block the particular account .Before posting the transactional data we can delete the accounts by selecting deletion flag for the accounts to be deleted. The deletion of gl account in IMG screen only.

Path: a>gla>master records>deletion>deletion of gl

account TC: OBR2. Give required details

Delete the test run

button Execute.

The programme name for executing the gl

account is SAPF019 DELETION OF CHART OF

ACCOUNTS: TC: OBY8

Programme name to delete the chart of accounts: SAPMFKM8. We can check the deletion capability of the chart of accounts in advances.

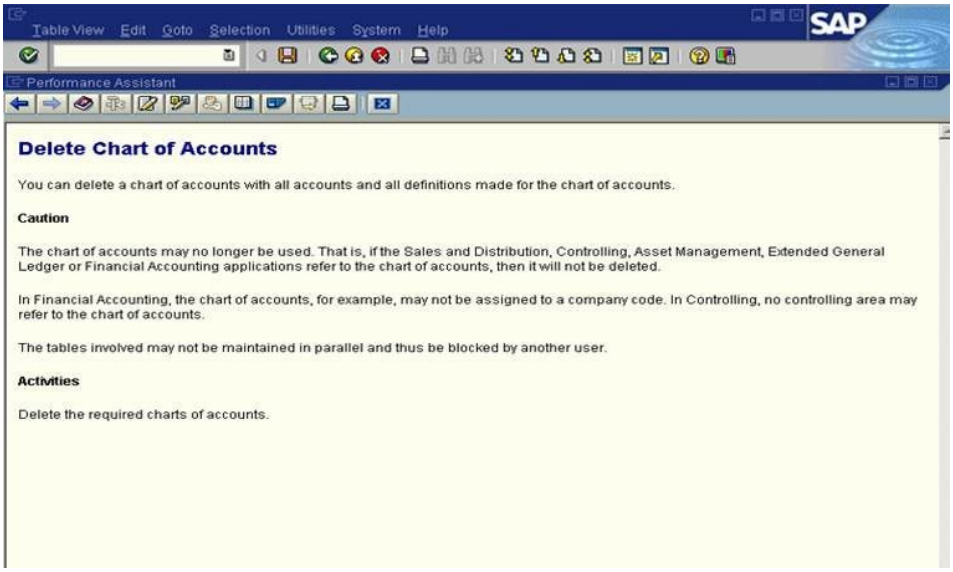


Table View Edit Goto Selection Utilities System Help
SAP
Performance Assistant
Delete Chart of Accounts
You can delete a chart of accounts with all accounts and all definitions made for the chart of accounts.
Caution
The chart of accounts may no longer be used. That is, if the Sales and Distribution, Controlling, Asset Management, Extended General Ledger or Financial Accounting applications refer to the chart of accounts, then it will not be deleted.
In Financial Accounting, the chart of accounts, for example, may not be assigned to a company code. In Controlling, no controlling area may refer to the chart of accounts.
The tables involved may not be maintained in parallel and thus be blocked by another user.
Activities
Delete the required charts of accounts.

Figure 61

Transport the chart of accounts from one client to another client or another system. For this purpose we have create the correction request, and with the help of this correction request we can transport the chart or accounts from one client to anther client. (We have to select the areas to copy to transport) the transaction code: OBY8 the Programme name: SAPMFKM

COPY OF GL ACCOUNTS:

Copy of gl accounts can be done either for chart of accounts level or company code level:

Path: financial accounting>general ledger accounting>master records>general ledger account creation and processing>alternative methods>copy gl accounts>copy chart of accounts TC: OBY7 and copy company code accounts: TC: OBY2

Give the chart of accounts in which you want to copy:

Give the reference chart of accounts from which you want to copy the gl chart of account level

Click on copying capability, once it is completed save. Programme name: SAPMFKM8

CREATION OF GL ACCOUNTS WITH REFERENCE :(GL account creation and processing)

Select creation of gl account with reference:

Give the chart of accounts to which the accounts to be copied down Give the chart of accounts from which you want to copy the gl accounts Click on details button

Click on account reference button; give from gl account and to gl account (range to be copied)

Select all the gl accounts to be copied

Check the check button (for consistency of the data to be copied down) Create gl accounts button and account determination button also System copies all accounts and automatic determinations also

Finally check the Check button for verification.

THE PROGRAMM NAME FOR COPY OF GL ACCOUNTS WITH REFERENCE IS SAPLGL_ACCOUNT_MASTER_REFERENCE.

CHANGE OF GL ACCOUNTS MASS MAINTAINENCE:

Path is same:

We can change the general ledger data collectively in 3 levels. The first one is chart of account level and company code level and account name level also

The programme name for change gl account collectively is:
SAPLMASSINTERFACE

Creation sample account: TRANSACTION CODE: OB15

Path: financial accounting>general ledger accounting>general ledger accounts>master records>preparations>additional activities> sample accounts

Maintain sample account rules; Select new entries.

Give: 4character code (2006) description. Save. The screen

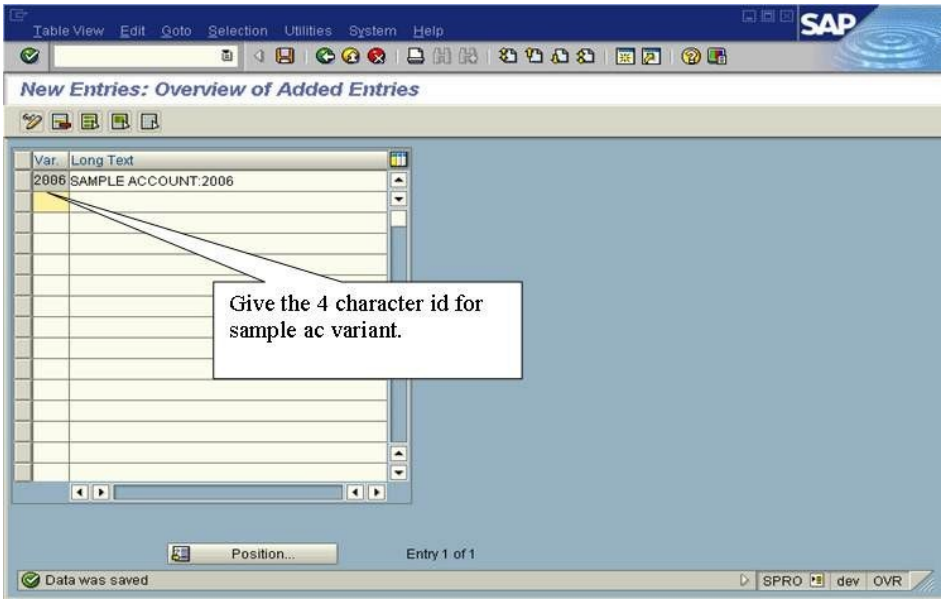


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Var. Long Text
2006 SAMPLE ACCOUNT:2006
Give the 4 character id for sample ac variant.
Position...
Entry 1 of 1
Data was saved
SPRO dev OVR

as under

Figure 62

Define data transfer rules: same

path TC: FSk2 Give the sample

variant code: 2006

Select the master data company code level fields which can be transferred from sample account while opening the account (we can select the cannot be changed check box if required)

Save the data with the selected rules.

Assign the company code to sample account rules:

Click on position button,

Give the company code and give the sample account rule code: save

CREATE SAMPLE ACCOUNT: path is same and the TC: FSM1 Give the account number (outside range of OBD4 for identification):500000<press enter>

Give the description: sample account: 2006

Select the fields you want to copied to the accounts with ref to sample account

Save it. While opening accounts the system asks for sample account from which you want to create the company code data and copies the fields what

we set in sample account. Accordingly we can create any number of sample accounts and keep as reference further creation of accounts.

TEXT IDs CREATION: These are helpful to quicken the process of creation of gl master records and the ids can be stored in the system for further processing.
Path: Fa>gla>gl accounts>master records>preparations>additional activities>creation of text ids for chart of accounts and company code master data. TC: OBT6and OBT7

We can also define the text ids for documents also in transaction code: OBT8.

Select create button

Give text ID no: and give description save

INDIVIDUAL LAYOUT PROCESSING: These are helpful for setting up the page tab buttons for the creation of individual general master record. We can create the page tab buttons and their fields according to our requirement.

Path: spro>img>financial accounting>general ledger accounting> general ledger accounts>master records>preparations>individual layout processing Define layout TC: OB_GLACC21.

Select new entries button:

Give 4 character name of the lay

out: z006 Give description and

save

Select the tab page titles: we can set as per our requirement

Page groups: we can set page groups also as per the lay out requirement.

Assign the layout to the chart of accounts and account groups if you are to use for user master record.

Define screen lay out for each transaction:

Path: spro> reference img> financial accounting> general ledger accounting> general ledger accounts> master records> preparations> additional activities> define screen layout for each

transaction TC: OB26

We can set the required screen lay out for activity wise or general ledger account wise. We can take the print out of the field status of the activity by clicking print field status

DEVELOPMENT OF ENCHANCEMENTS FOR CREATION OF GL ACCOUNTS:

These enhancements are useful for creation additional actions to be used for the specific request of the client or the project requirements. For this purpose we have to create the project name create the enhancements with the help of user exists.

DEFINE SORT KEYS:

We can define the sort keys as the requirement of the project. Path: spro>ref.img>financial accounting>general ledger accounting>general ledger accounts>master records>line items>line item display>define sort variant TC: **OB16**

Select new entries button

Give 3 character sort key variant name

and description Give 3 fields which are to

used as allocation fields Save

CREATION OF WORK LISTS: These are helpful for view the reports as a whole instead of individual. Example, if we want to see all the bank accounts balances we can see the balances of all bank accounts by creating work lists. We can create as many as work lists, and used for user master record. **TC: OB55**

Path: spro>ref.img>financial accounting>general ledger accounting General accounts>master records>balances> creation of work list

Select the required option or

double click Click on create option

Give the work list name and description

Give the account numbers you want to group them in the work list and save the data.

AUTOMATIC CLEARING OF GL ACCOUNT: TC: OB74 (img, gla,
bus.tr, open item clearing, prepare automatic clearing)

In this activity you enter the criteria for grouping an account's open items for automatic clearing. The clearing program clears the open items that are grouped together if their total balance equals zero in local and foreign

currency.

You must enter the following standard criteria:

Account type
Account number or a number interval
You can also enter a further five criteria.

EXECUTION OF AUTO CLEARING:
ACCOUNTING> FINANCIAL ACCOUNTING> GENERAL LEDGER> PERIODIC PROCESSSING> AUTOMATIC CLEARING> F.13 WITH OUT SPECIFYING THE CURRENCY OR F13E

SAP QUERIES:
These queries are used by the functional people to prepare the reports basing the cross information embedded in the tables. BY using these queries we will create a report basing on the information available in different tables, and combine them for the purposes of reporting. For this purpose we have to first set info set queries, and assign them to user groups and create sap queries. These reports are called sap list viewer reports. These can be prepared by the users even without the help of technical support.

CROSS COMPANY CODE TRANSACTIONS:
In real time, sometimes one company will make the payments on behalf of other group company and settle their internal accounts at defined intervals. Such scenario can be customized in sap environment as Cross company code transactions. For this purpose we have to open clearing accounts in the companies in between the cross company code transactions are going to be happening.

The path for defining the cross company code transactions is **Path: spro>rimg>financial accounting>general ledger accounting>business transactions>prepare cross company code transactions: TC NO: OBYA.**

Give company code one: 2006 Give company code two: 6900

Give the posting keys of debit and credit and clearing of the company code one and the same way give the

account number of the other company code and save the data.

Post the Transaction in general posting screen by selecting the expenditure of the one company is paid by debiting to the other company bank account. Go and verify the accounts, the system generates two documents for the both companies as per the number range assigned to the document types what you have posted.

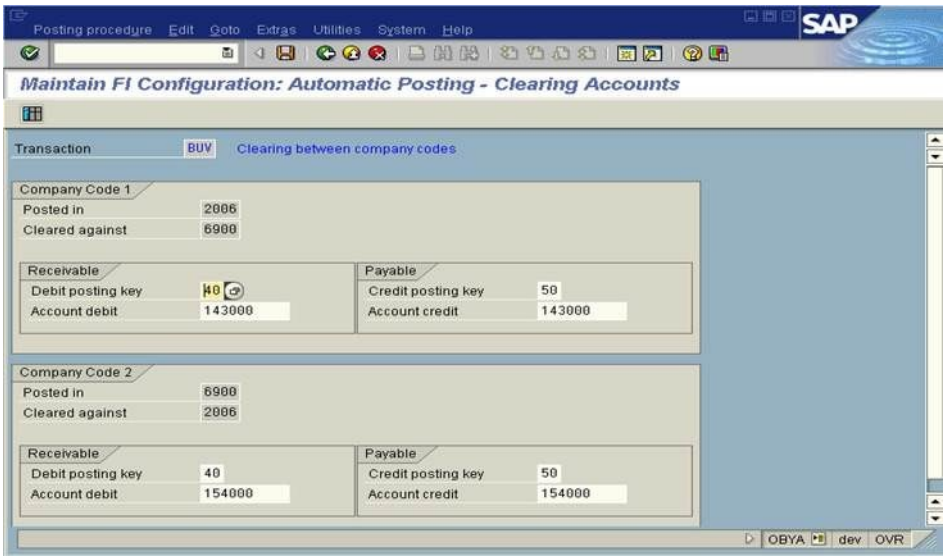


Figure 63

System stores the same number in the header data of the document also. We can change the cross company code documents also reverse the documents also. Transaction code for reversal of cross company code is FBU8.

Enter Global Parameters:

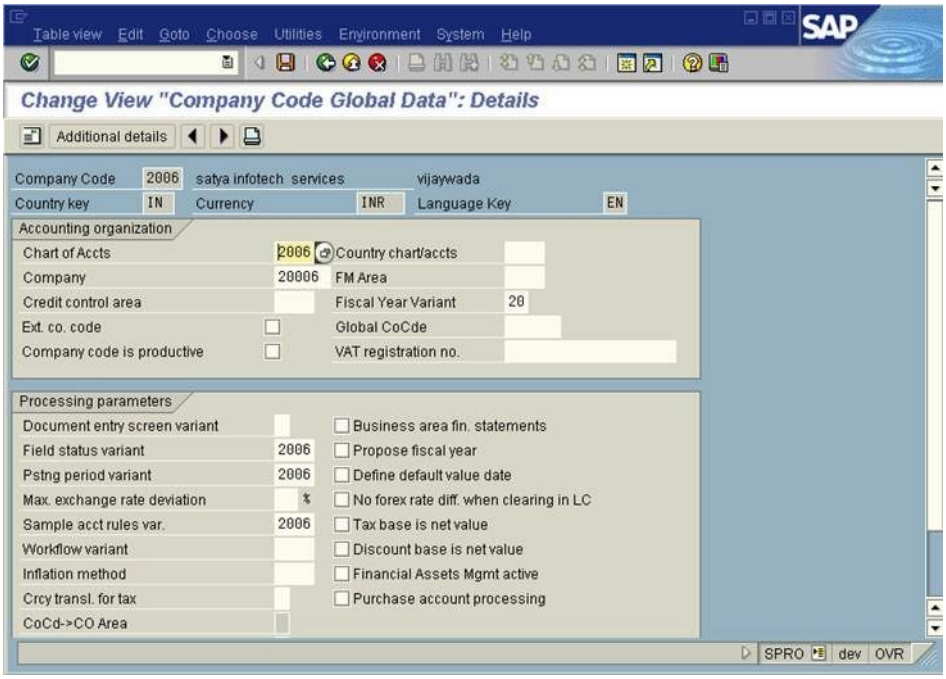


Table view Edit Goto Choose Utilities Environment System Help
SAP
Change View "Company Code Global Data": Details
Additional details
Company Code 2006 satya infotech services vijaywada
Country key IN Currency INR Language Key EN
Accounting organization
Chart of Accts 2006 Country chart/accts
Company 20006 FM Area
Credit control area Fiscal Year Variant 20
Ext. co. code Global CoCde
Company code is productive VAT registration no.
Processing parameters
Document entry screen variant Business area fin. statements
Field status variant 2006 Propose fiscal year
Pstng period variant 2006 Define default value date
Max. exchange rate deviation % No forex rate diff. when clearing in LC
Sample acct rules var. 2006 Tax base is net value
Workflow variant Discount base is net value
Inflation method Financial Assets Mgmt active
Crcy transl. for tax Purchase account processing
CoCd->CO Area
SPRO dev OVR

Figure 64

Enter Global parameters: spro> rimg> financial accounting> financial accounting global settings> company code> enter global parameters. TC:OBY6

Click on position

button Give

company code

Select company

code Click on

details button

See the parameter check boxes; select the check boxes you require: example:

1. If you want business area financial statement select that check box
2. If fiscal is to be defaulted to you select
3. If value date is posting date to be defaulted select
4. Maximum ex rate deviation set any percentage you require as per the client requirement
5. Select the negative posting allowed check box

Note: if you want to know the field information keeps the cursor on the field and press F1.

Maximum exchange rate deviation: if you set any percentage here the system gives a warning message while posting a document with deviation beyond the percentage.

Tax base is net value: If you want to consider that the tax is to be collected on the net off discount value select this check. Otherwise the system calculates the taxes on the total invoice value.

Discount base is net value: if you want to collect the cash discount after deducting the tax select this check box. Other wise the system calculates the discount on the invoice value i.e. inclusive of tax.

No exchange diff when clearing in Lc:

If you select this check box the system will not consider the exchange diff while clearing the amounts.

The Global settings, can be configured here, otherwise

while doing the respective component we can do the customization individually also.

If you select the company code is productive; means the customization changes can not be done. Generally this check box is selected for the production clients only. It ensures that no changes can be made by the users.

External company code: the company has external company code and data processing is taking place from the external source to sap environment, we can define the external company code.

Global company code: if the company maintaining the separate company code for reporting on various parameters, example: global shoes division reporting produced by different company codes with in a group. This will useful when a company dealing with multiple products globally by different company codes.

PARALLEL VALUATION METHODS:

If the company is obliged to prepare the financial statements as the requirement of the two accounting principles i.e. as per the company code (India) requirement(IAS) and as per the requirement of Global company code requirement i.e. US GAAP. To meet such requirement SAP provided the functionality of Parallel Valuations methods. Parallel valuation methods can be defined even with more than two or three valuation methods also. The parallel valuation can be done in 3 ways.

1. By depicting additional accounts
2. By depicting additional ledgers
3. By depicting additional company code:

Under first method, posting are made into either single additional account or joint account (defined for this purpose) for all valuation methods, evaluation will be done at the time year end closing process

As per the second method different ledgers will be defined for different valuation methods, and the data will be stored in the respective ledger. The definition of ledgers will be generally done in Special purpose Ledgers. The data in respect of one Ledger will be used for the purposes of controlling; the particular ledger data is called **LEADING ACCOUNTING PRINCIPLE DATA.** The additional ledger data cannot be used for the purpose of controlling.

In the Third method we have to define separate company code and store the data relating to additional valuation

data in the company code. This scenario will support by only financial accounting application component and asset accounting component only. No other component will support this functionality.

When we have adopted the parallel valuation methods the following areas will be affected by the method of valuation.

1. Regrouping of receivable and payables
2. Value adjustments
3. Foreign exchange valuations
4. Accruals.

MULTIPLE CURRENCIES:

Like the way of, maintaining additional valuation methods for meeting various reporting requirement, we can define multiple currencies in SAP system. We can maintain additional two currencies in sap. The system will update the balances in all the currencies in real time. The selection of other additional currencies will depend on the company requirements. We can define any currency type as our additional currencies.

Path: spro>ref.img>financial accounting>financial accounting global settings>multiple currencies TC: OB22.

Give company code: 2006

1st local currency is defaulted from company code currency: INR 2nd local currency is: we can select from any currency type

3rd local currency is also can be selected from any currency type

: Save the data.

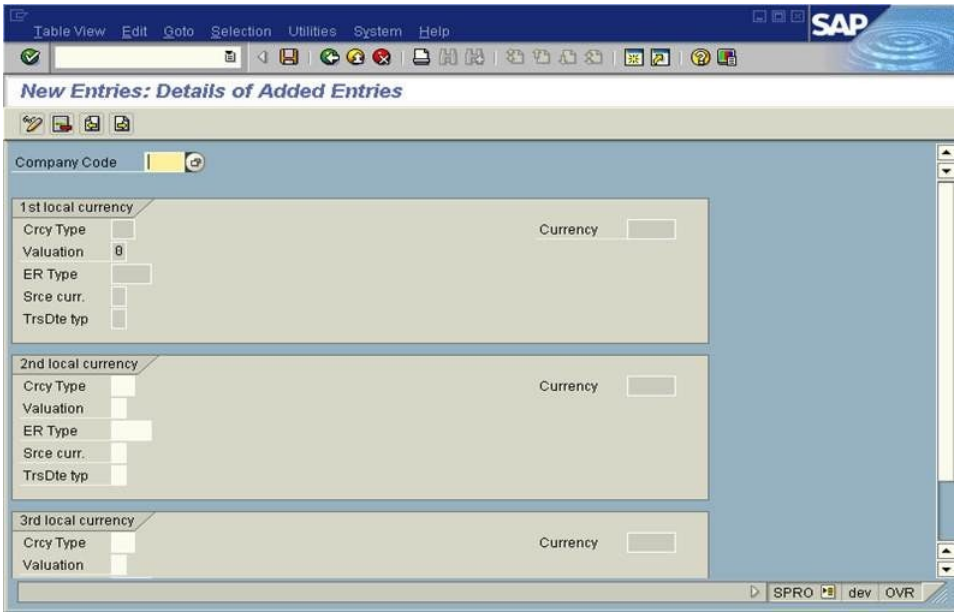


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Company Code
1st local currency
Crcy Type
Valuation
0
ER Type
Srce curr.
TrsDte typ
Currency
2nd local currency
Crcy Type
Valuation
ER Type
Srce curr.
TrsDte typ
Currency
3rd local currency
Crcy Type
Valuation
Currency
SPRO
dev
OVR

Figure 65

DOCUMENT ARCHIVING:

This is the methods adopted to keep the data aside from the data base. When the data base is in high volume and some data relating to old fiscal years, we can keep the old data separately. For that purpose we have to define the archiving rules. Once the archiving rules were defined, the system checks data base and archive it. We can delete the archiving data for this purpose we have to set deletion flag in Master records.

Path: financial accounting>financial accounting global settings>document>document archiving:

TAX ON SALES AND PURCHASES:

Every country has its own tax calculation procedure. It is the main revenue source for the Government. Government can levy the taxes and changes the procedure from time to time as per the tax plan for the nation. There are two tiers in tax jurisdiction.

1. Country level
2. State level.
   Or some times at both levels also. Generally tax procedure not in sap system it is a separate soft wear and made generic interface with the soft wear. SAP supplies country version tax system. Accordingly we will follow. As far as customizing is concerned, major part of the customization will be done by the material management people and sales and distribution people. However, we as a finance consultant we should know about the outline configuration of the taxes.(for India we have Country India Version,5.0 to meet the country requirements)

   There are two types of taxes:1. Input tax and

   2.Out put tax. Input tax is defined with code:

   V

   Out put tax is defined with code: A

Business Scenario: Satya InfoTech is supposed to pay the input tax i.e. excise tax on purchases @16%, educational cess 2% and supposed to make the payment of VAT12%.like the way supposed to collect the output tax i.e. excise duty 16% educational cess 2% and 12% VAT.

In the process of customization of taxes we have to begin definition of condition types: The condition types defines base values on which the different taxes are to be collected. There are different values for calculation of different taxes.

Path: fa>fags>tax on sales and purchases>check calculation procedure>define condition types: **TC: OBYZ**

Click on position button: give input tax key: MWVS

Select the input tax key and copy the same, change the condition type: 4 characters

(We are changing for this project as I200: excise duty paid)

Again select the I200 copy function change the name as I201: educational cess paid.

Again select the I201and copy function change the name as I202: vat paid and save.

We have created three input tax keys. Like the way select output tax key: MWAS

Copy the same and change the name as O200: excise duty payable

Select the O200 and change the name as O 201 educational cess payable and save

Select the O201 and change the name as O 202 vat payable and save

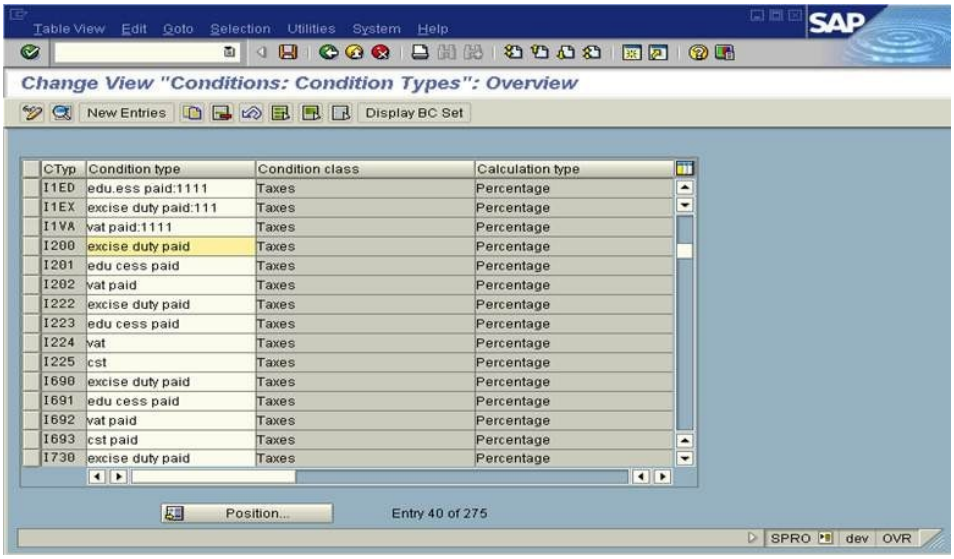


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Conditions: Condition Types": Overview
New Entries
Display BC Set
CTyp | Condition type | Condition class | Calculation type
I1ED | edu.ess paid:1111 | Taxes | Percentage
I1EX | excise duty paid:111 | Taxes | Percentage
I1VA | vat paid:1111 | Taxes | Percentage
I200 | excise duty paid | Taxes | Percentage
I201 | edu cess paid | Taxes | Percentage
I202 | vat paid | Taxes | Percentage
I222 | excise duty paid | Taxes | Percentage
I223 | edu cess paid | Taxes | Percentage
I224 | vat | Taxes | Percentage
I225 | cst | Taxes | Percentage
I690 | excise duty paid | Taxes | Percentage
I691 | edu cess paid | Taxes | Percentage
I692 | vat paid | Taxes | Percentage
I693 | cst paid | Taxes | Percentage
I730 | excise duty paid | Taxes | Percentage
Position...
Entry 40 of 275
SPRO dev OVR

Figure 66

CHECK AND CHANGE SETTINGS FOR TAX PROCESSING:
In this step we have to define the process keys or account keys. These account keys or process keys are used to determine general ledger accounts and posting keys for tax line items. SAP advice not to change the keys and use the defaulted keys only. If you want to change the account keys copy down the defaulted keys and change the name of the account keys and used for your project.

For this project we are using the processing keys or account keys as under:

I10: excise duty paid O10: excise duty

payable I11: edu.cess paid O11:

edu.cess payable

I12: vat paid O12: vat payable

With the help of the above keys the system will credit the respective amounts in determined accounts either as debit or credit.

Define the calculation procedure for the country:

Path: spro>ref.img>financial accounting>financial accounting global settings>tax on sales and purchases>check calculation procedure>define procedure.

Select new procedure,

Define 4character procedure and description and keep the cursor on the procedure double click on control data button (in the left side of the dialogue structure box)

Select new entries button. Give the table contents with the condition types and respective process keys.

Define the input tax conditions step 10 base amounts. This is the base amount to calculate the excise duty

2. Educational cess is to be collected on excise duty hence in step 20: condition key I201 base value for calculating the edu cess is excise duty, hence made as from 20 to 20 in the column

Like the way we have to define for all types of taxes and also the account keys in the extreme right of the screen (not visible in the screen).

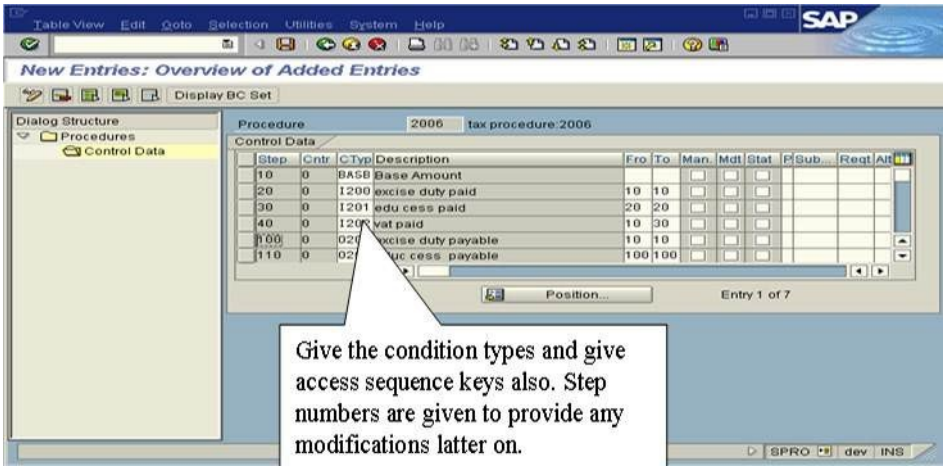


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Display BC Set
Dialog Structure
Procedures
Control Data
Procedure 2006 tax procedure:2006
Control Data
Step Cntr CTyp Description Fro To Man. Mdt Stat P Sub... Reqt Alt
10 0 BASB Base Amount
20 0 I200 excise duty paid 10 10
30 0 I201 edu cess paid 20 20
40 0 I20 vat paid 10 30
100 0 02 excise duty payable 10 10
110 0 02 uc cess payable 100 100
Position...
Entry 1 of 7
Give the condition types and give access sequence keys also. Step numbers are given to provide any modifications latter on.
SPRO dev INS

Figure 67a

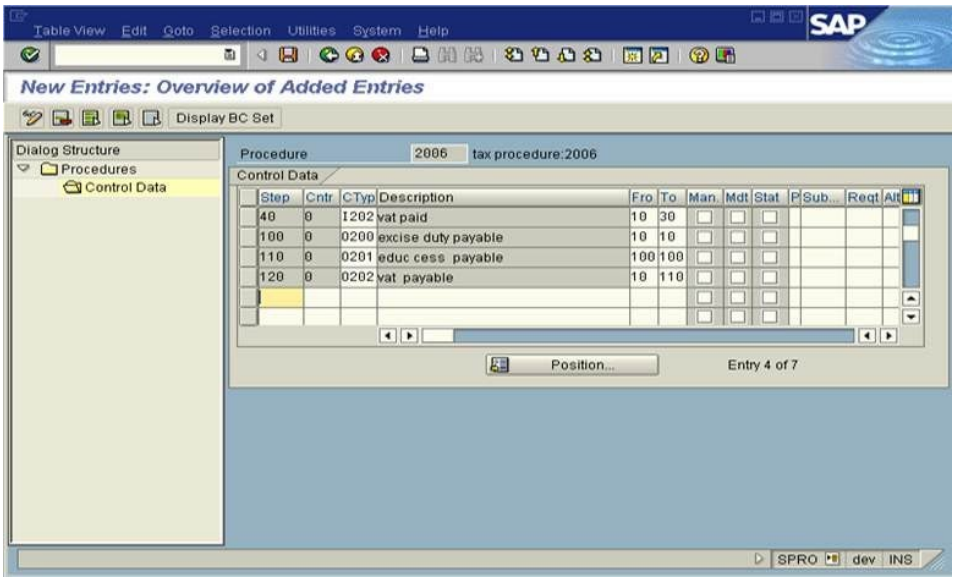


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Display BC Set
Dialog Structure
Procedures
Control Data
Procedure 2006 tax procedure:2006
Control Data
Step Cntr CTyp Description Fro To Man. Mdt Stat P Sub... Reqt Alt
40 0 I202 vat paid 10 30
100 0 0200 excise duty payable 10 10
110 0 0201 educ cess payable 100 100
120 0 0202 vat payable 10 110
Position...
Entry 4 of 7
SPRO dev INS

Figure 67b

Now the calculation procedure for your country is ready for use. To make account for the same to our customization we have to assign the same to country. TC: OBBG

The next important step in the configuration of taxes is defining tax codes: path: spro>rimg>financial accounting>financial accounting global settings,>tax on sales and purchases>calculation>define tax codes: **TC: FTXP**

Give country name

Give tax code: 2 character name:I0 (input tax with 0%) Description.:0% tax for input tax and continue

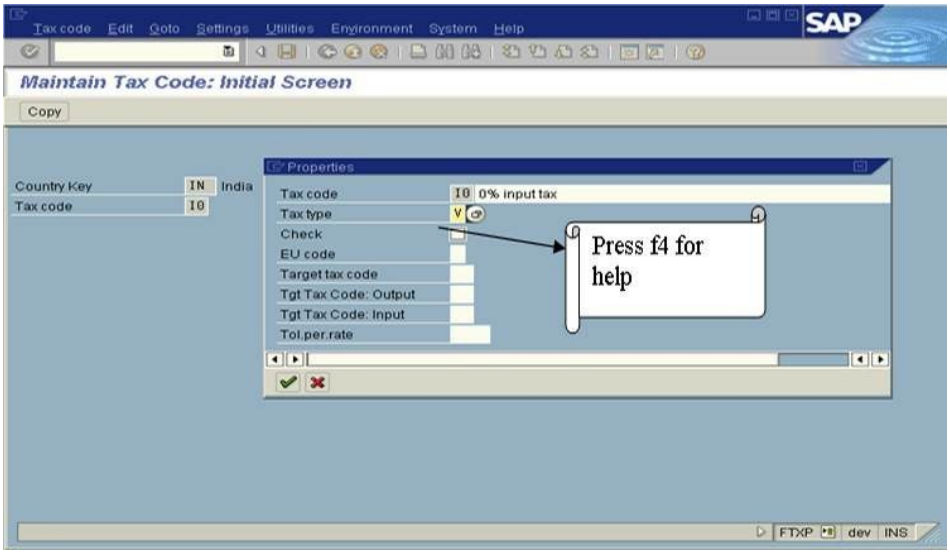


Figure 68a

In the next screen give all input tax as all zero and keep the cursor on output column and click on deactivate line button and save. The system creates the I0 tax.

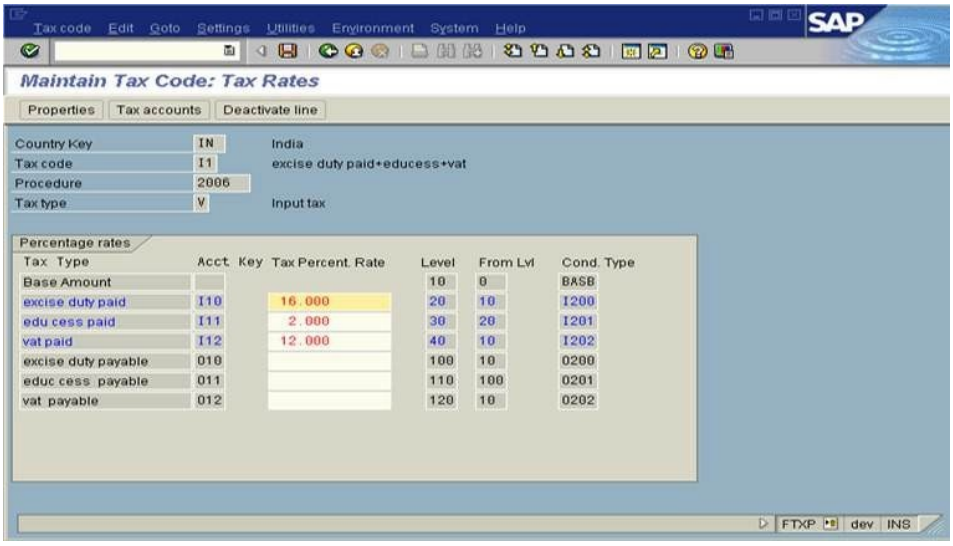

Tax code Edit Goto Settings Utilities Environment System Help
SAP
Maintain Tax Code: Tax Rates
Properties Tax accounts Deactivate line
Country Key IN India
Tax code I1 excise duty paid+educess+vat
Procedure 2006
Tax type V Input tax
Percentage rates
Tax Type Acct. Key Tax Percent. Rate Level From Lvl Cond. Type
Base Amount 10 0 BASB
excise duty paid I10 16.000 20 10 I200
edu cess paid I11 2.000 30 20 I201
vat paid I12 12.000 40 10 I202
excise duty payable 010 100 10 0200
educ cess payable 011 110 100 0201
vat payable 012 120 10 0202
FTXP dev INS

Figure 68b

Repeat the same process for all output tax codes also Output tax code: o0 (o zero)

Output tax code o1 (excise duty payable educes payable+vat)

While creating out tax codes give tax rates in output tax column and keep the cursor on input column and select the deactivate line and save . Accordingly now for this project we have created 4 tax codes as per the requirement

Tax procedure: requirement of general ledger accounts:
To take of about the automatic determination of tax amounts we need to define accounts for tax.

In put tax accounts:

1. **Excise duty paid**
2. **Educational cess paid .**
3. **Vat paid account**

As asset group and allowed only input tax

Out put tax accounts:

1. **Excise duty payable**
2. **Educational cess paid**
3. **Vat paid account**

As liability group and allowed only output tax

Change the tax options in the tax relevant accounts: **means that these accounts are subject to levy of taxes.**

Purchases account and accounts payable ac : allowed only input tax Sales revenue account and accounts receivable : allowed only output tax

We need not to define any adjustments in respect of no tax accounts. These accounts do not attract any taxes at any time. Hence these accounts are called as no tax accounts.

To post the interest the prerequisites:

1. Post the loan transaction in old date (with value date also old

data)

2. Automatic determination of accounts for interest. Path: spro>rimg>fa>fags>tax on sales and purchases posting TC: OB40.

Select the process key what we have defined Select the tax code check box and save

Give the tax and gl accounts as mentioned in the figure and save.

NOTE: for input tax only vat paid account will be displayed because we have given the posting indicator as 2(separate line item for that only) rest of the input tax account keys having indicator as 3(distribute to respective expenses/revenues)

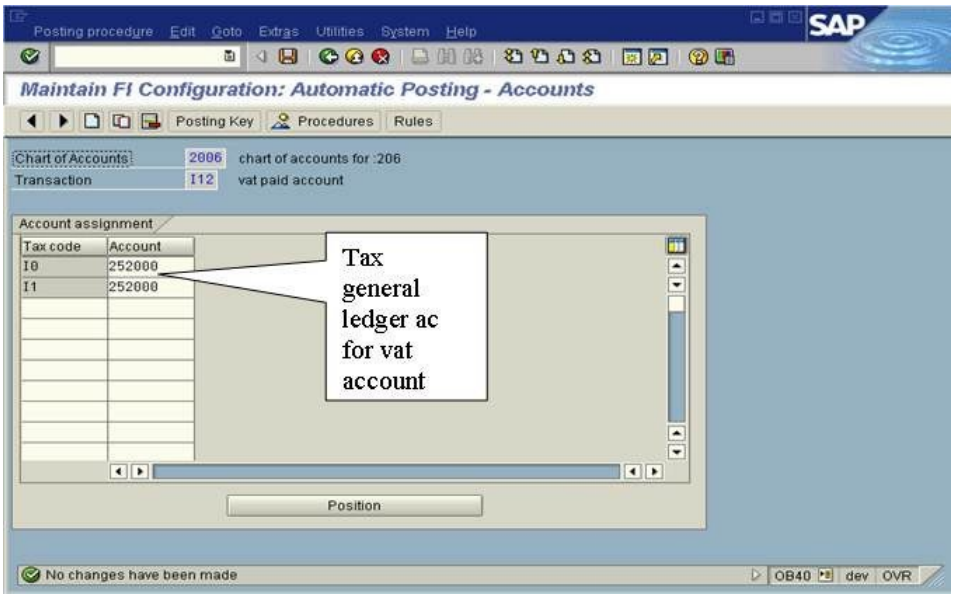


Figure 69

Like the way we have to give accounts for all output tax codes also.

Execution of Interest: F.24

To post the interest select post interest settlement of transactions and update the master record. Execute. System creates batch input session RFDUZI00. Execute the programme in sm 35.

Business scenario: satya info tech is having branches in USA and Germany also. The company is following group company code currency is $usd. And all the branches are using the same chart of accounts. How you will configure the Business process for USA and Germany and India. And also Group Company results in us dollars.

Solution:

1. Since the satya info tech is following group concept. We have to define the Group chart of accounts maintaining language is English. While defining the chart of accounts for individual company we will assign

the group chart of accounts. And assign the each general ledger account to group account.(we can assign any number of accounts to one group account)

2. We will define one of the additional local currency is group currency
   i.e. Us dollars.
3. We will define country specific chart of accounts to meet the requirement of countries and assign it company code along with the operative chart of accounts. Then the system prompts the account number while creating the accounts in operative chart of accounts.
4. Give the account number in alternative account no field of the gl master record. However, we have to assign the account numbers in 1:1 ratio only.
5. If you do this functionality, the rest of reporting can be taken by the system.

GENERAL LEDGER PLANNING:

Planning can be done for general ledger wise in financial accounting exclusively. For that purpose we have to define the plan periods for the variant.

Path: spro> ref.img> financial accounting> general ledger accounting> general ledger accounts> business transactions> planning> define planning period:

Give the posting period

variant Give posting

periods and save

Define plan versions for general ledger planning:

Give the general ledger: 0 version 0 select manual planning and integrated planning check boxes.

Manual planning allow the planning manual and integrated planning allow the planning figures captured from CO-PA and other application components.

Define the distribution keys. Or otherwise select the defaulted keys.

ENTER THE PLAN DATA FOR GENERAL LEDGER:

PATH: Accounting>financial accounting>general

ledger>periodic processing>planning>enter plan data TC: FSE5N.

Give particulars as under:

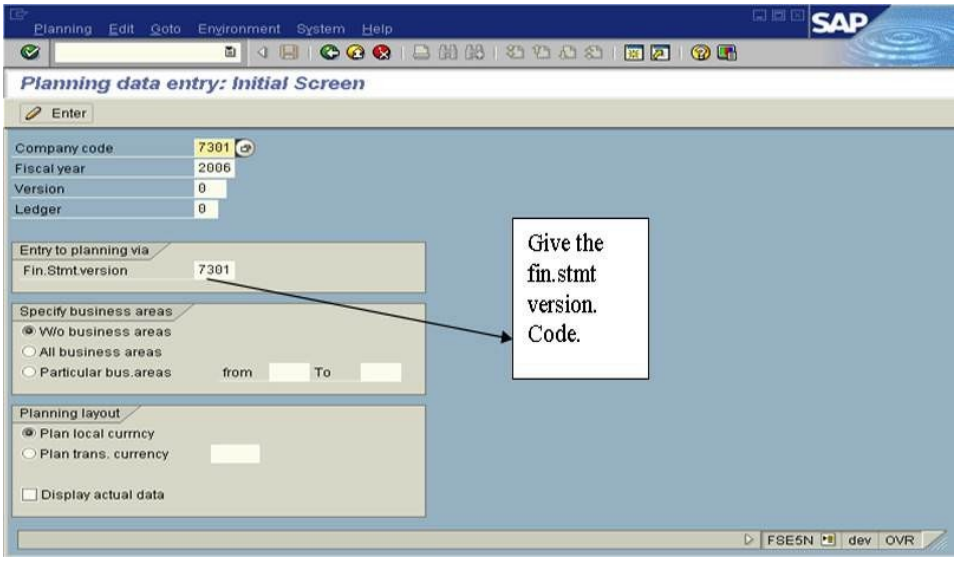


Figure 70a

Give the details and click on enter button system displays the financial statement version of the company code keep the cursor on the assets column and click on enter button. The system displays all the accounts under that group. Give the plan figures for general ledger ac wise and save the data .

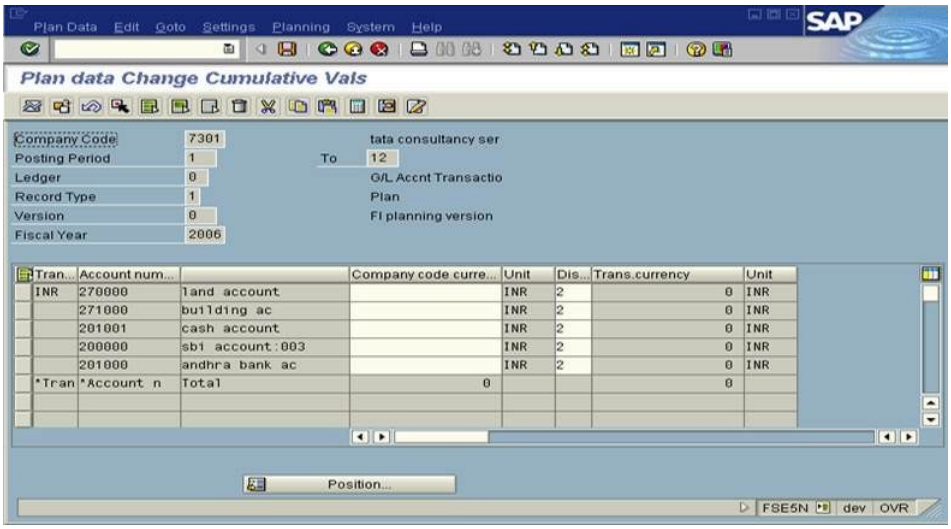

Plan Data Edit Goto Settings Planning System Help
SAP
Plan data Change Cumulative Vals
Company Code 7301 tata consultancy ser
Posting Period 1 To 12
Ledger 0 G/L Accnt Transactio
Record Type 1 Plan
Version 0 FI planning version
Fiscal Year 2006
Tran... Account num... Company code curre... Unit Dis... Trans.currency Unit
INR 270000 land account INR 2 0 INR
271000 building ac INR 2 0 INR
201001 cash account INR 2 0 INR
200000 sbi account:003 INR 2 0 INR
201000 andhra bank ac INR 2 0 INR
*Tran *Account n Total 0 0
Position...
FSE5N dev OVR

Figure 70b

PERIOD END CLOSING IN FINANCIAL ACCOUNTING:
As part of period end closing job we have to perform the following functions.

Day end closing: Ensure all the posting are made properly Ensure the cash balance is tallied.
Ensure the bill of exchanges payment or list of bill of exchange

Month end closing: Open and close of posting period.
List of open items and bill of exchange items Monthly reconciliation of Gr/IR clearing account Monthly valuation of foreign exchange balances Allocation of costs to respective cost centers.

Year end closing: Posting of accrual documents Foreign currency valuations,
Define accounts for gr/ir clearing accounts for regrouping Regrouping of receivables and payables.
Generating audit trail
Carry forward of balances of outstanding entries in general ledger accounts.
Opening of new fiscal year and transferring of balance sheet items to New Year.

General Ledger reports :
Each application component in SAP, exclusively mentioned the reports required for end user in separate folder as Information system. General ledger reports>general ledger information system>master data reports:

1. **S_alr_87012326:** Give the general ledger numbers or account groups and execute list of chart of accounts will be displayed. We can get the print>menu item>list>print.
2. **S_alr_87012328:** In this option we have general ledger master fields as criteria for selection and reporting purpose; it is more comprehensive report than the previous report.
3. **S_alr_87012333:** This is also general ledger report

with various selection parameters with save in word files option.

Document Reports: document>document journal:

1. **S_alr_87012287: Give the company code:2006 fiscal year:2006 and other selection parameters and execute.**

2. **S_alr_87012289: To see the list of all document types with balances:**
3. **S_alr_87012291: To see the document type wise line items;**
4. **S_alr_87012293: To see the display of changes to documents:**
5. **S_alr_87012341: To see the invoice numbers allotted twice:**
6. **S_alr_87012344: To see the posting totals with document type and debit and credit and no.line items.**
7. **S_alr_87012347: To see the period wise line items account type wise.**
8. **S_alr_87012282: to see the general ledger accounts with open items accounts or parked item selection.**
9. **S_alr_87012332: to print the account statements with selection parameters.**
10. **S_alr_87012277: to verify the general ledger balances with period wise and currency wise and balance wise also.**
11. **S_alr_87012301: to verify the month wise, account wise, debit and credit totals with balances;**
12. **S_alr_87012279: structured balances sheet report:**
13. **S_alr_87012336: to verify the assets and liabilities with local currency and transaction currency report.**

    FSIB: to execute the balance sheet reports in back ground environment

    S_alr_87012249 to compare actual/actual comparison of balance sheet items.

INTEGRATION of general ledger accounting component:
In this concept we can know the areas of integration of financial component with (general ledger accounting concept) with other components of R3 system. The general ledger accounts have the integration with the

following components.

1. Asset Accounting:

1. General Ledger accounting has direct integration with the asset accounting component. This can be done by defining the general ledger accounts to asset transactions in transaction code: **A090.**

2. Defining the posting keys for auto posting of asset transaction

2. Over head cost controlling:

Defining accounts for overhead cost controlling in preparation of Reconciliation ledger.

3. Material Management:

Define accounts for material management transactions TC: OBYC

4. Sales and Distribution:

Prepare Revenue accounts determination. In TC: VKOA

5. Pay roll accounting:

Definition of general ledger accounts for symbolic accounts:

TC: OBYE AND OBYG.

6. General ledger accounting: 1.definition of accounts for automatic determination of accounts of

General ledger accounts TC: OBL1 AND OBL2.

End user important reports in general

ledger accounting: Chart of accounts list:

Path: information systems-accounting-financial accounting-general ledger-information system-f.10 chart of accounts.

Give the chart of accounts: 2006.

And other selection parameters and execute.

Balance sheet: F.01 path

is same Give company

code

Chart of accounts and financial statement version and execute.

Account balances with debit and credit

items: F.08 Give the chart of accounts,

company code and execute.

To know the account balances as structured format: F.54

Give the company code; chart of accounts and financial

statement version and execute.

Display of individual line items: F.51 line items.

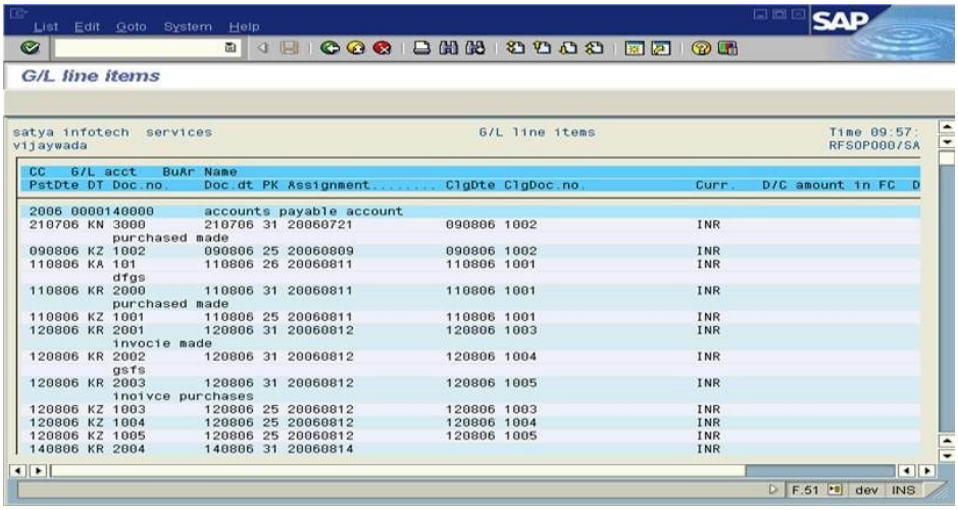


Figure 71

Display of balance sheet and profit and loss account reports in different views: path: unto- Information system is same >balance sheet and profit and loss statements>general:

CHAPTER 2

Accounts Payables

ACCOUNTS PAYABLE

The application component in financial accounting is accounts payable and accounts receivables. The longevity of an organization more or less will depend on their abilities to manage the accounts payable and receivables of the organization. There is no organization without these words. Hence these components have significant role in finance module. Similarly even in sap also the same was dealt accurately. While taking up the project we must understand the various business processes involved in this area. Further more we have to discuss with the company people regarding their terms and conditions while coming into a contract for either supply of goods or sale of goods. We must have thorough knowledge in dealing with these functionalities. Generally the sundry creditors are called accounts payables in sap environment and sundry debtors are called accounts receivables.

In that process first we understand the functionalities involved in accounts payables. The accounts payable accounting is called as **SUB LEDGER ACCOUNTING.** Because the business transactions are carried out in the individual accounts of the **VENDOR ACCOUNTS.** However the updating will be taken in both the individual vendor accounts and balance sheet accounts. The real time updating will be done through the settings made in general ledger master while creation of account. Hence these accounts payable account is called as Reconciliation account. The reconciliation will be done in real time automatically only. No manual intervention is required. To take the customization of various activities we have to under stand how the purchase of raw material will be done in the organization.

In the process of configuration we first segregate the all vendors into different groups. Because we have to identify them easily. There may be vendors in respect of supply of raw materials and extending services. We make them as different, to identify them correctly. Hence the first configuration of accounts payable concept is

Define Vendor Groups with Screen La

yout (Vendors):

Path: spro-rimg-fa-accounts receivable and accounts payable –vendor accounts-master data-preparations for creating vendor master data-define account groups with screen layout (vendors) TC: OBD3

Click on new entries Button

Give 4 character code numbers for the account group: **200M**

Give the description: material vendor group: 2006 Save it.

To set the field status for vendor master record double clicks on general data. Ensure all the fields are optional Again double click on company code data ensure all the fields are optional only.

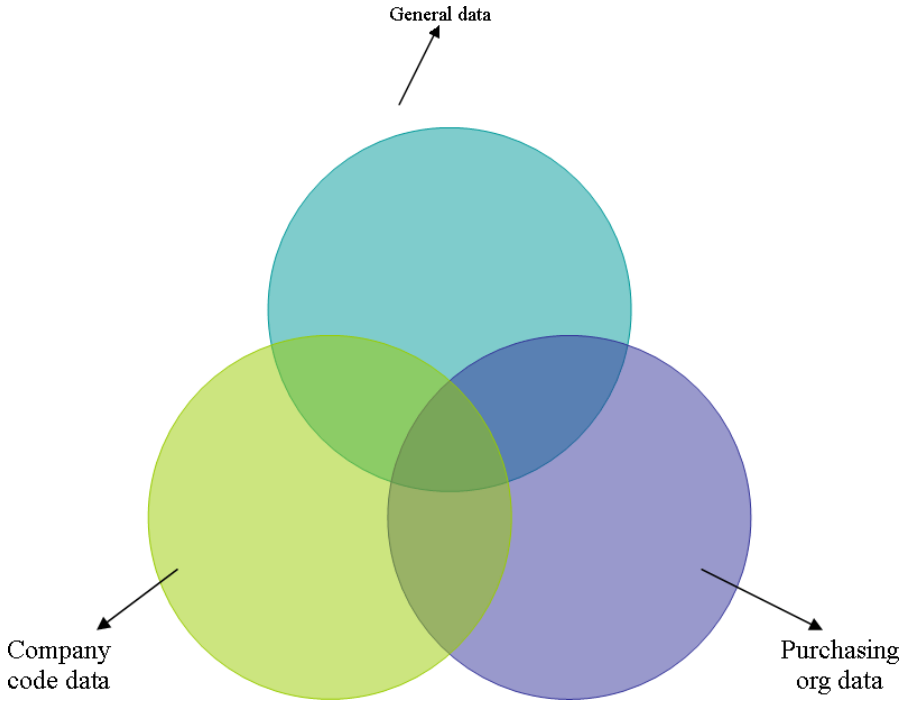


fig 72

The general data is common for all organization units and all company codes dealing with the vendor. The company code data is specifically has to be maintained within the company code. In the same manner the purchasing organization details are also independent purchasing organisation. We have to set separately with the vendor. However, these are all inter linked and treated as master data maintenance at centrally. If any vendor is not connected with the purchasing organization, we need not define purchasing organization data. However vice versa is not possible.

Create Number Range for Vendor Groups : TC: XKN1

PATH: SAME AS ABOVE

Click on change interval
button Click on insert
interval button
Give the continuation number from the list and give

number range interval Click on insert button and save the data the screen will appear as under.

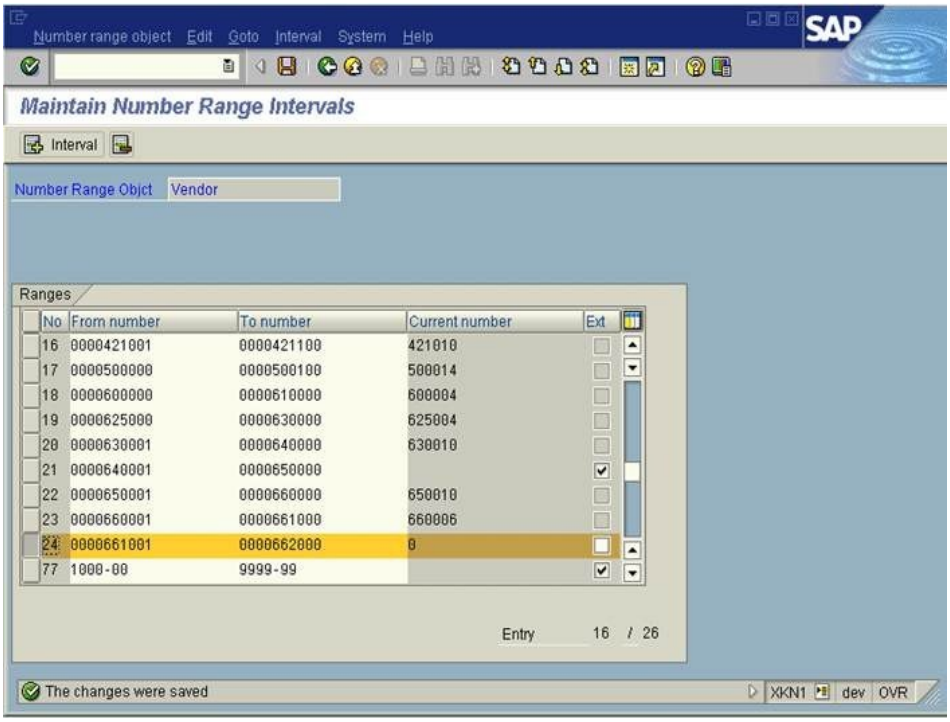


fig 73a

Assign the Number Range for Vendor Account

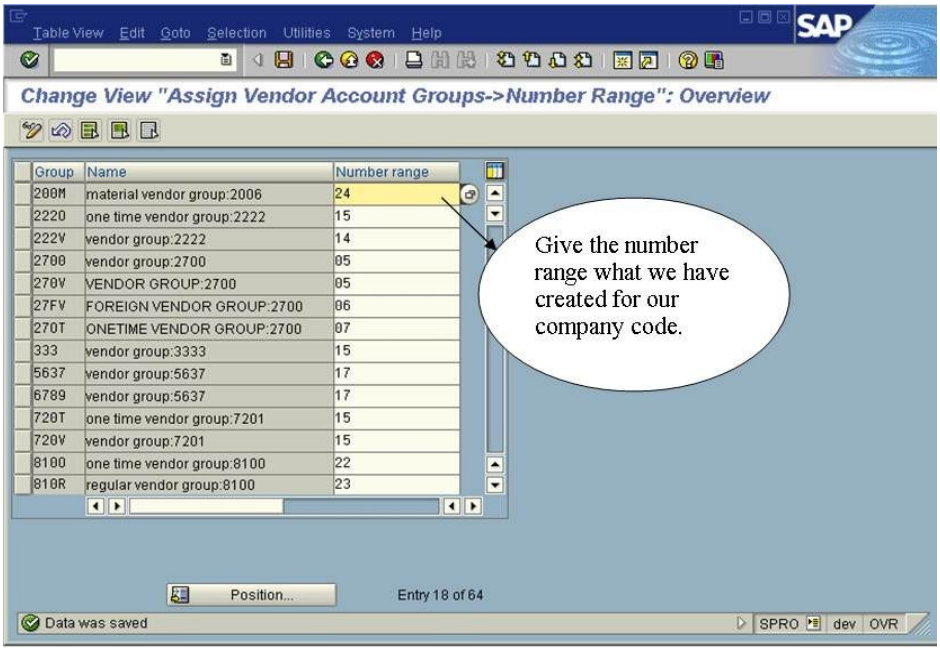


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign Vendor Account Groups->Number Range": Overview
Group Name Number range
200M material vendor group:2006 24
2220 one time vendor group:2222 15
222V vendor group:2222 14
2700 vendor group:2700 05
270V VENDOR GROUP:2700 05
27FV FOREIGN VENDOR GROUP:2700 06
270T ONETIME VENDOR GROUP:2700 07
333 vendor group:3333 15
5637 vendor group:5637 17
6789 vendor group:5637 17
720T one time vendor group:7201 15
720V vendor group:7201 15
8100 one time vendor group:8100 22
810R regular vendor group:8100 23
Give the number range what we have created for our company code.
Position...
Entry 18 of 64
Data was saved
SPRO dev OVR

Group

fig 73b

Path is same as above: Transaction Code: OBAS

We have assigned the number range to our account group

Creation of vendor master record: we can create the vendor master record in easy access screen. In real time environment the creation may be uploading the data, copy data, or in rare instances, manual creation of vendor master data will takes place. For uploading the data we can use data migration tools, like LSMW OR BDC concepts.

While creating master records, we have to segregate the details in two steps. The first one is general data details and company code details. (If you are opening the vendor in financial accounting) Otherwise if the sales and distribution module is also implementing we have to give the sales area details as third step.

1. General data contains the address and other communication details, along with the control functions, payment transaction details at client level. We have to set the field status of the master records in respect of general data is applicable for all vendors as whole in the particular group.
2. **Company code data:** contains the data relating to the terms and conditions which are applicable to the vendor and the company code. These details are applicable for company code level only.

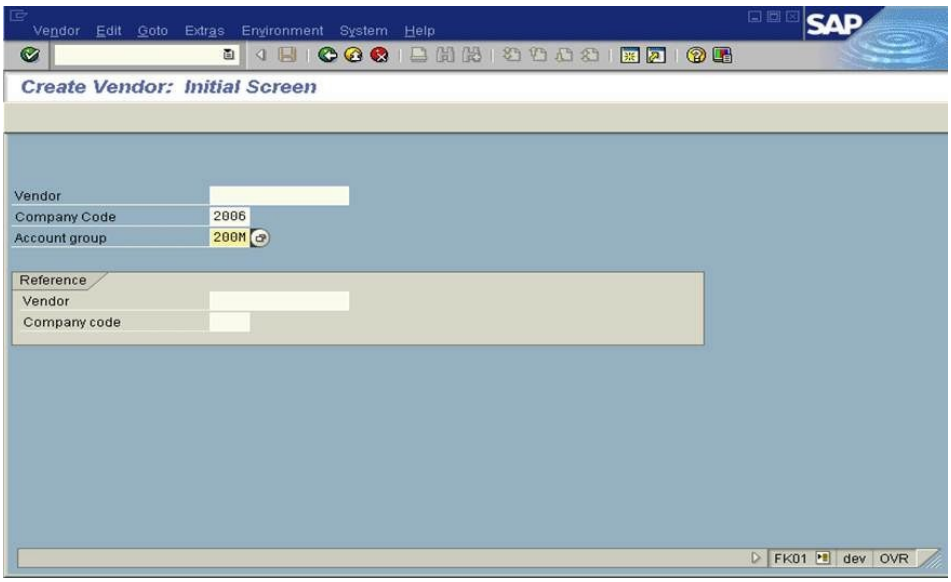


Fig 74

Path: accounting-financial accounting-accounts payable- master records- fk01 create:

This is to create vendor in accounting area. We can create the vendors in two areas one is accounting and the other one is sales area.

Give company

code:2006 Give account

group:200m

Press enter Give the address details and select next entry button (twice) Give the reconciliation account number: 140000(accounts payable) Give Sort key: 012

Cash management group: a1 and select the next entry button till save opting displayed and save the data. Vendor is created with account number.

Note: if at all you want create the vendor master along with the sales area details we can go to the option "maintain centrally" opting select XK01 create.

Copy the Vendor Master Data from One Company Code to Another:

PATH: accounting-financial accounting-accounts payable-master records-company codesFK15 send. And FK16

Give the vendor number from number and to number Give company code from which you want to copy: 2006 Select the check boxes as per the requirement

Give the target company code: 2006

PROGRAMME NAME FOR JOB: RFBIKR00 &RFBIKR20

Change of vendor: FK02 DISPLAY: FK03: FK04 DISPLAY CHANGES. BLOCKOR UNBLOCK: FK05.

Verify the vendor master record either opened in financial accounting- purchasing organization:

This functionality is used in real time to know whether the particulars of the vendor master was created in financial accounting area or in purchasing organization area (m m) we know the lacunae of details to be opened in either of the areas. And can complete the rest of the details.

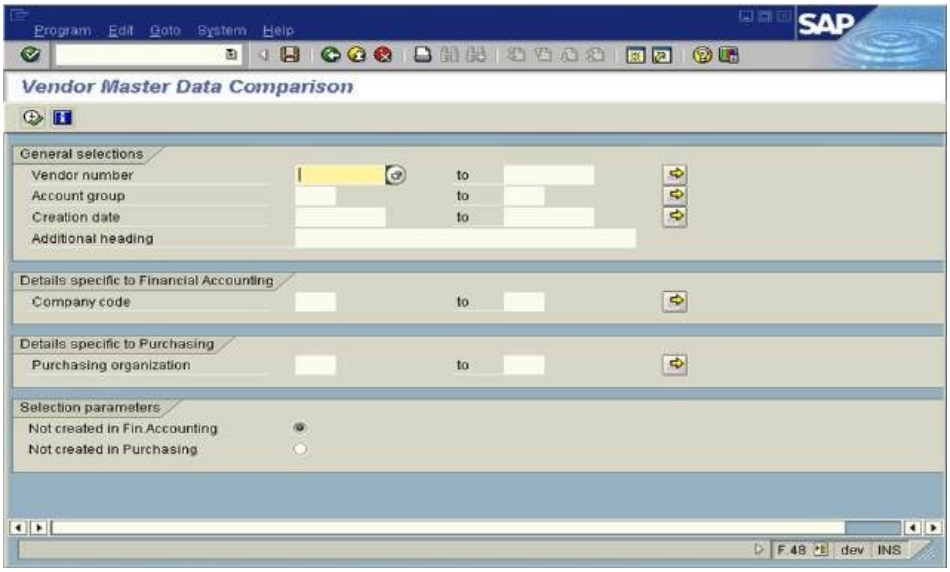


Fig 75

Path: accounting-financial accounting-accounts payable-master reords- compare-F-48 (purchasing – accounting);

Give the either vendor number or
account group Give the company code:
2006
Select the selection parameters: either not created in Financial Accounting or Not created in Purchasing. And execute the button.
System gives the details of the vendors respectively.

Define Screen Layout for Company Code (Vendors):

The field status of the account group is applicable to the particular group as whole. If you want to change the field status of the vendor master creation in relating to company code we can define in transaction code: OB24
(Path is same as above)

Define accounting clerks: path is same transaction code: OB05K. In this configuration we can create the accounting clerks responsible for handling the activities of vendors. And we can assign these clerks to vendor master records also. This can be used for evaluation purpose and correspondence only and also for authorizations in the organization

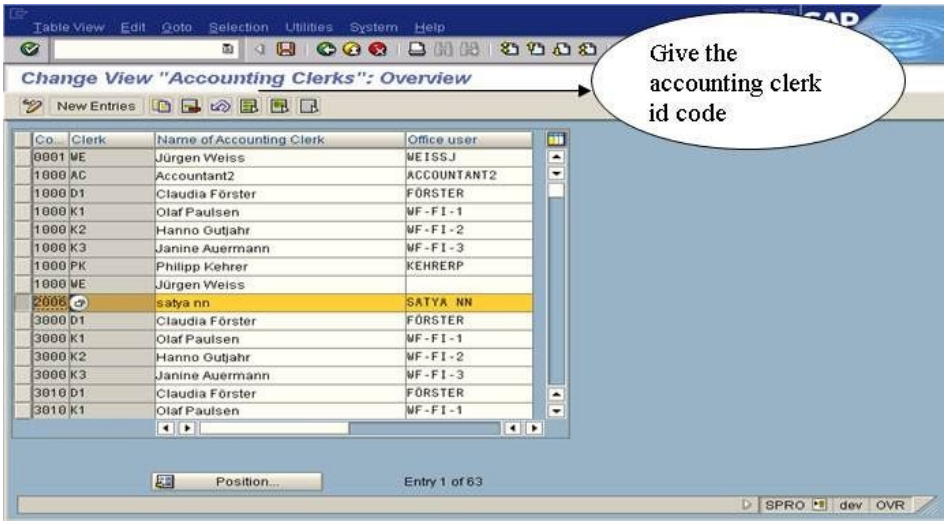


Table View Edit Goto Selection Utilities System Help
Change View "Accounting Clerks": Overview
New Entries
Give the accounting clerk id code
Co... Clerk Name of Accounting Clerk Office user
0001 WE Jürgen Weiss WEISSJ
1000 AC Accountant2 ACCOUNTANT2
1000 D1 Claudia Förster FÖRSTER
1000 K1 Olaf Paulsen WF-FI-1
1000 K2 Hanno Gutjahr WF-FI-2
1000 K3 Janine Auermann WF-FI-3
1000 PK Philipp Kehrer KEHRERP
1000 WE Jürgen Weiss
2006 satya nn SATYA NN
3000 D1 Claudia Förster FÖRSTER
3000 K1 Olaf Paulsen WF-FI-1
3000 K2 Hanno Gutjahr WF-FI-2
3000 K3 Janine Auermann WF-FI-3
3010 D1 Claudia Förster FÖRSTER
3010 K1 Olaf Paulsen WF-FI-1
Position...
Entry 1 of 63
SPRO dev OVR

fig 75

Define industries (OB44K): This configuration is made to identify the vendors with a special industry key. We maintain vendor record industry wise for the purpose of evaluation. This Industry key is to be assigned to vendor master record.

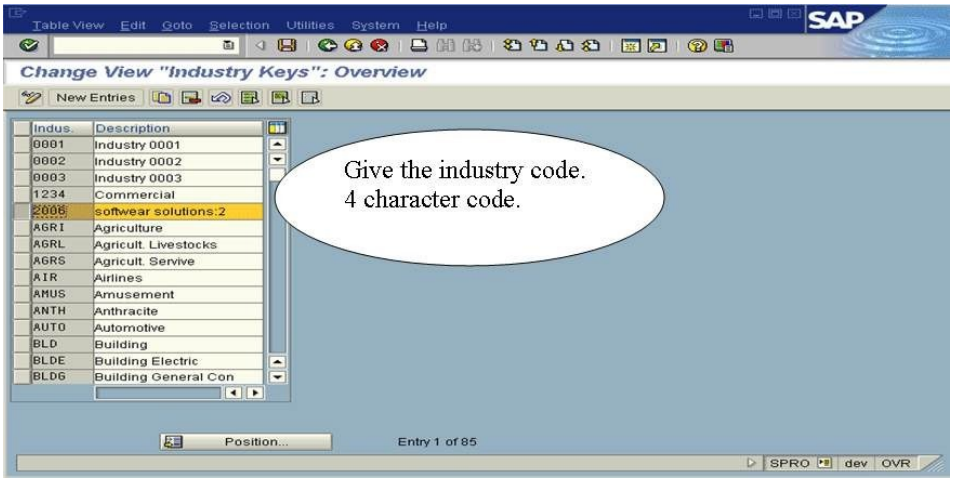


Fig 76

Define sensitive fields for dual controls: path is same: Transaction Code:

This is one of the important configurations in respect of vendor master records. If you said any field sensitive, the system blocks payment for this account till authorizations made by another authorized person.

Example: if alternative payee is said as sensitive, if any changes made to alternative payee will block the payments to alternative payee till the accounting clerk authorizes the changes. In the below screen postal code is said as sensitive field. Any changes made to postal code attract authorization.

CONFIRMATION OF CHANGES: accounting-financial accounting- accounts payable-master records- confirm FK-08.

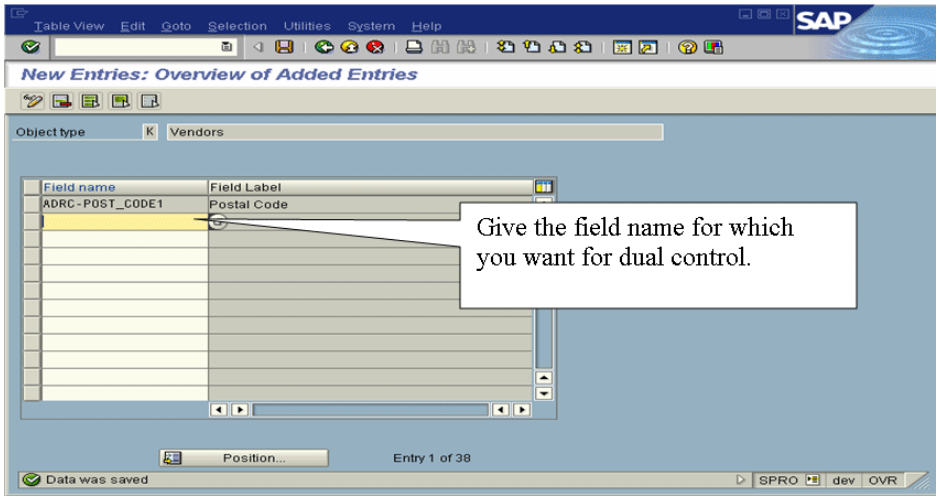


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Object type K Vendors
Field name Field Label
ADRC-POST_CODE1 Postal Code
Give the field name for which you want for dual control.
Position...
Entry 1 of 38
Data was saved
SPRO dev OVR

fig 77

Change Message for Vendor Master Data

Note: ***if you want to change the messages controls for vendor master record we can change them if necessitated in the project implementation. These messages for changes can be restricted by user name individually or for all users also. By specifying the user name the messages are restricted to the user named in. Otherwise applicable to all users.***

DELETION OF MASTER DATA: financial accounting-ar and ap-vendor accounts-master records-deletion of vendor master data: TCOBR 2.

Deletion of master data is possible when there is transactional data. And the vendor who is also not used by other application components of financial accounting

Programme name: SAPF019.

Preparations for changing Master Data:

As per the request of the company we can make the fields of the vendor master records, are not subject to changes by all users. In this case the changes are to be carried out by the authorized user only. Other users can view fields only. (Path is same) Transaction Code: OBAT and OBAU

CONFIGURATIN OF LINE ITEMS: in this area we can define the sort keys and lay for display of open items and additional fields required for layouts other requirements for the line item management.

Define period types for vendors: path: financial accounting-accounts receivable and accounts payable-vendor accounts –line items and correspondence-define period type for vendors: **TC: obaf.**

The purpose of this configuration to define the account statement periodicity for the vendor.

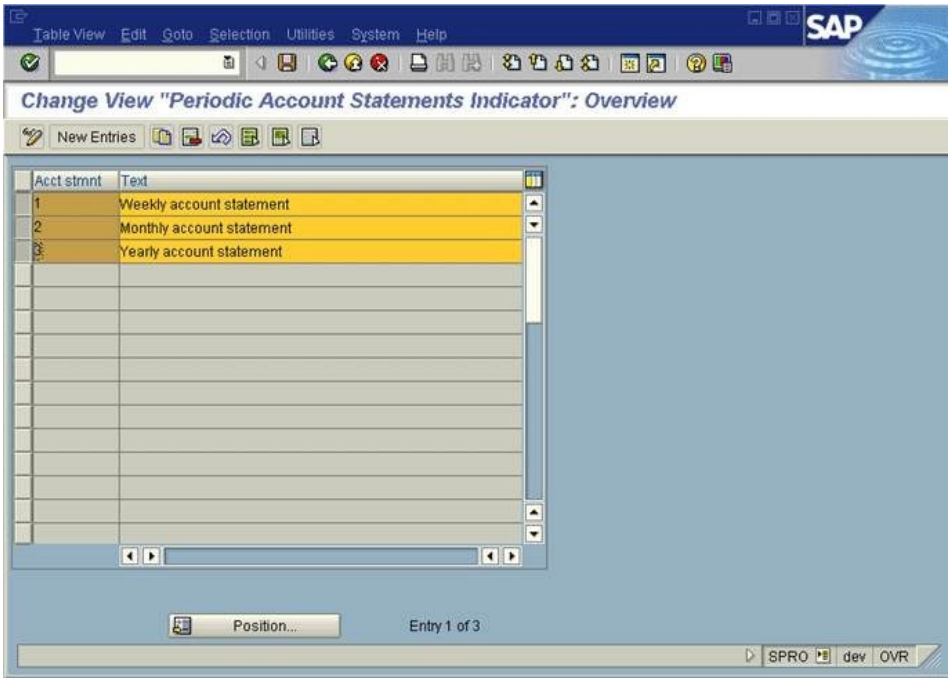


fig 78

Assign the key in the master record of the vendor /customer.

Define tolerance for vendors/customers:

Path: financial accounting-accounts receivables and accounts payables- business transactions-open item clearing-clearing differences-define tolerances for

customers and vendors.

Transaction code:
OBA3. Click new
entries

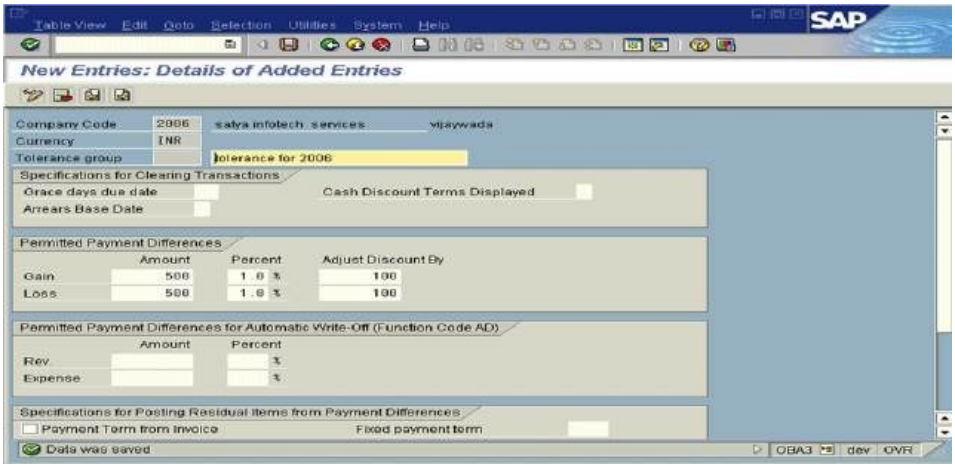


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Company Code 2006 satya infotech services vijaywada
Currency INR
Tolerance group tolerance for 2006
Specifications for Clearing Transactions
Grace days due date
Arrears Base Date
Cash Discount Terms Displayed
Permitted Payment Differences
Amount Percent Adjust Discount By
Gain 500 1.0 % 100
Loss 500 1.0 % 100
Permitted Payment Differences for Automatic Write-Off (Function Code AD)
Amount Percent
Rev. %
Expense %
Specifications for Posting Residual Items from Payment Differences
Payment Term from Invoice
Fixed payment term
Data was saved
OBA3 dev OVR

fig 79

Give company code: 2006

Tolerance group: don't give the group name: give description:

1. Give the permitted difference gain: 500 percentage 1% adjustment discount by 100

   It means that the user group mentioned above can transact the business transactions with a difference of RS.500 (either gain or loss or1% whichever will be lower) only. If the difference is above the figure they have no authority to post the transactions and have referred to higher authorities.

2. We can set the payment terms applicability to the vendor residual clearing function.
3. Grace days allowed for the vendors and customers, by this user group.

Incorporate the CIN details to the vendor master record: Go to change vendor master record: xk02 or fk02

Give the vendor number:

661501 Give company code: 2006<enter>

Click on CIN details option available on application tool bar

120

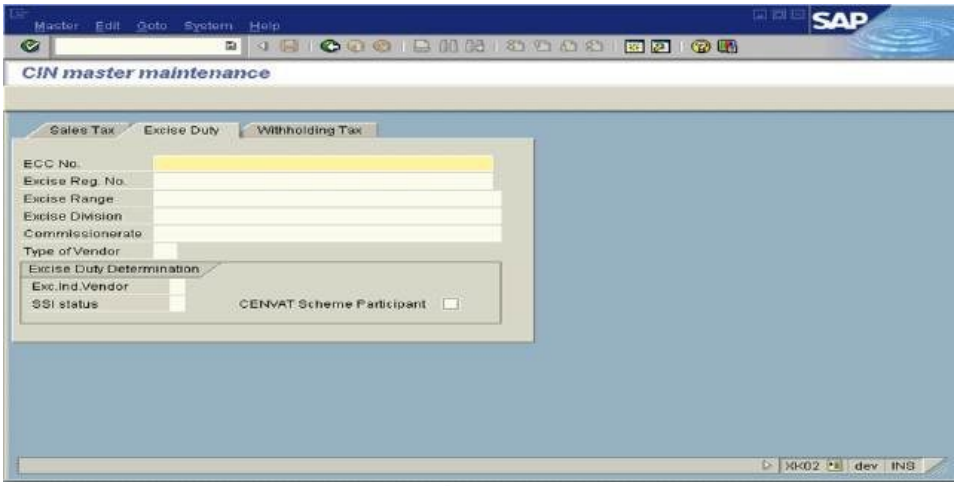


fig 80

Give the ecc number and other details in respect of the vendor. Select sales tax tab page and give the CST and GST numbers of the vendor We can specify whether the vendor has small scale industry status in the defined column

We can set the pan number of the vendor by selecting the with holding tax tab page and save the data.

If the vendor is cenvat participant select the check box. And save the data.

Can we make the payment to head office account; however, the invoice is posted to branch?

Yes, we can make the payment to head office; however, the invoice was posted to branch account.

Configurations: we have to open two master records one is head office, account another one is branch account. While creating the master record for branch office, account we need to mention the head office, account and select the decentralized processing check box in the branch master record. In the head office, mater record again selects the localized processing check box

Can we allow the alternative payee who has not at all created in R/3 environment?

Yes, we can name the any individual as payee by selecting the individual specification check box in the vendor master record. And while making the automatic payment we can mention the individual vendor as

alternative payee. The payee is called as payee allowed in document.

Change the vendor master record: xk02 or fk02
Select the individual payment check box
While entering the invoice in F-43 select the individual payment check box Give the individual payee details (similar to one time vendor) and save the data and post invoice.
While making the automatic payment system considers the alternative payee mentioned in document as payee and makes the payment

Define Document Type and Number Range :

Document types are used to identify the business transactions. These document types further determine the account types which can be allowed for this document type. We can set the document types which can allow specific exchange rate type also. We specify the document types for special purpose only. However, here we are using the document types defaulted by SAP only we are defining the number ranges for the documents defaulted by SAP(we have dealt this in general ledger accounting)
(Transaction code:
(OBA7) Select the
document type: kr
Click on details button
Click on the number range information
button Give company code
Click on change interval
button Click on insert
interval button
Give no: 17 (defaulted with
document type) Year: 2006
From number xxxx to xxxx

If you want external number

select ext Click the check box

other wise leave blank.
Do the same activity for all document types i.e. kz and kg and ka also. Current number shows the number of documents posted so far in this document type.

Posting keys:
Posting keys are used either debit or credit the amount to an account. Besides that we can determine the field status

definition for vendors and customers as per the posting key definition. The posting keys are used in accounts payable are **25: vendor debit and 31 vendor credit.**

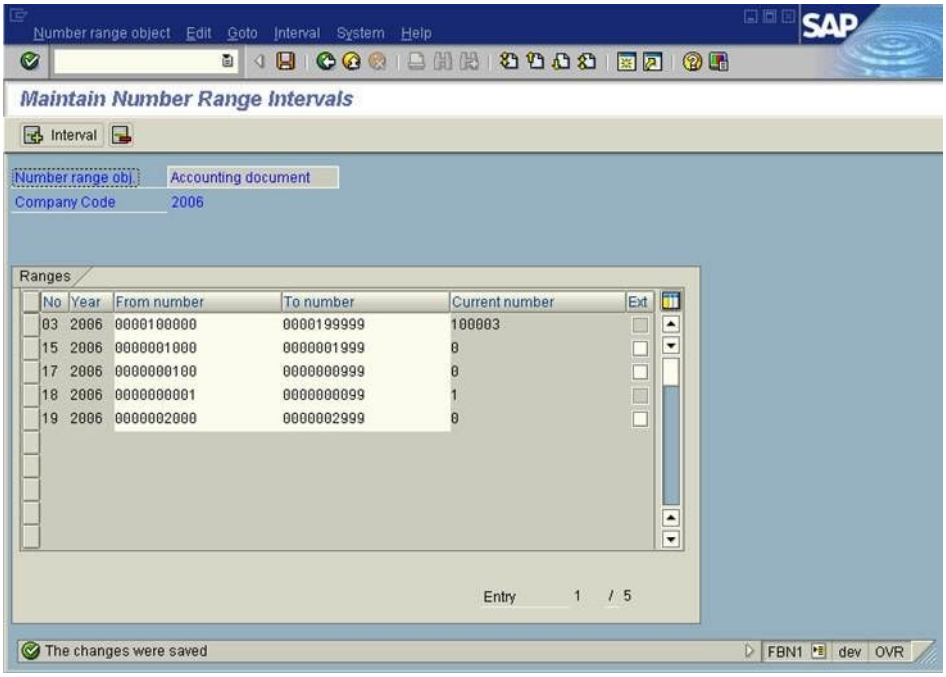

Number range object Edit Goto Interval System Help
SAP
Maintain Number Range Intervals
Interval
Number range obj Accounting document
Company Code 2006
Ranges
No Year From number To number Current number Ext
03 2006 0000100000 0000199999 100003
15 2006 0000001000 0000001999 0
17 2006 0000000100 0000000999 0
18 2006 0000000001 0000000099 1
19 2006 0000002000 0000002999 0
Entry 1 / 5
The changes were saved
FBN1 dev OVR

Figure 81

DOWN PAYMENTS:

Down payments are treated as special general ledger transactions in sap. The down payment transactions will be stored in the vendor account with special general ledger indicator. The corresponding entry will be posted in alternative reconciliation account number. For this purpose sap defined special general ledger indicators for various transactions. Ex: down payments for current accounts: special gl indicator: A Bill of exchange transactions.

Prerequisites to process the down payments: 1. Down payment made account: as asset group. And as reconciliation account.

Define the alternative accounts for down payments made: path: Financial accounting-accounts receivables& accounts payables-business transactions-down payments made-define alternative accounts for down payment made

Transaction code: OBYR
Double click on (k, a) combination of down payments made on current assets Give chart of accounts: 2006

Give reconciliation account: accounts payable account Give spl.gl account: down payments made account. Save it

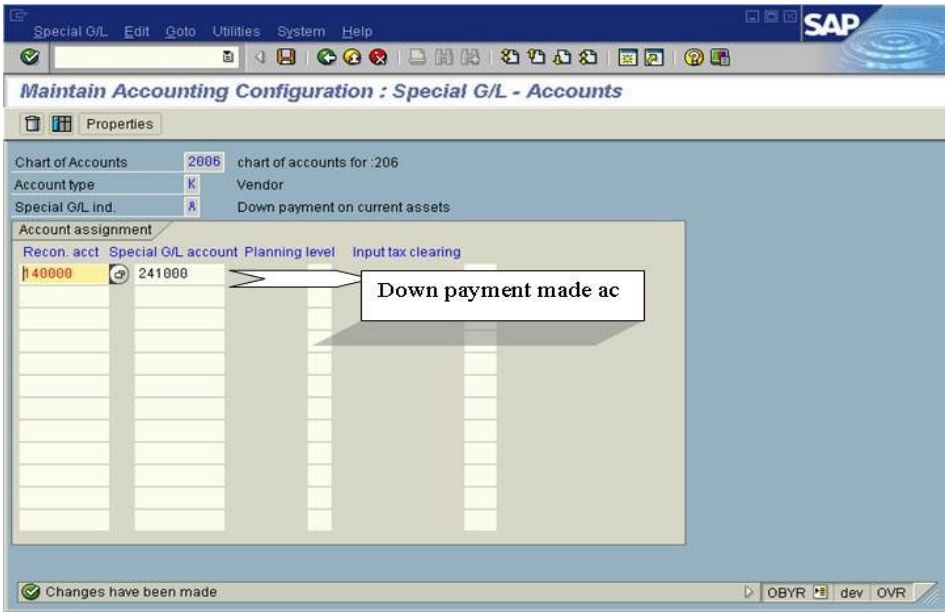

Special G/L Edit Goto Utilities System Help
SAP
Maintain Accounting Configuration : Special G/L - Accounts
Properties
Chart of Accounts 2006 chart of accounts for :206
Account type K Vendor
Special G/L ind. A Down payment on current assets
Account assignment
Recon. acct Special G/L account Planning level Input tax clearing
140000 241000
Down payment made ac
Changes have been made
OBYR dev OVR

Figure 82

Down payment request configuration: transaction code:OBYR Double click on k and f down payment request option
Give reconciliation account number: accounts payable account Give spl.gl. Account number: down payments made account Save it. The screen is as under

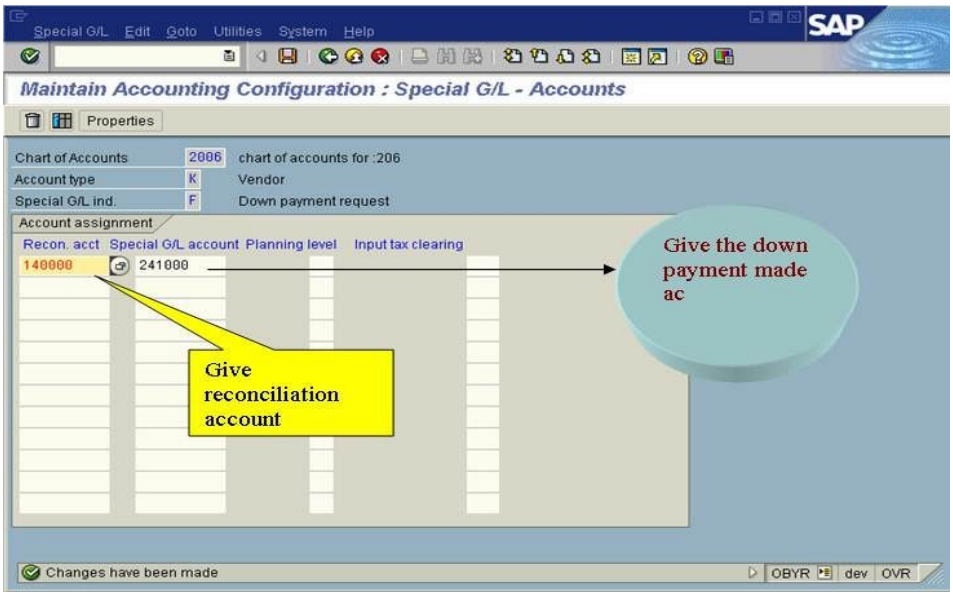

Special G/L Edit Goto Utilities System Help
SAP
Maintain Accounting Configuration : Special G/L - Accounts
Properties
Chart of Accounts 2006 chart of accounts for :206
Account type K Vendor
Special G/L ind. F Down payment request
Account assignment
Recon. acct Special G/L account Planning level Input tax clearing
140000 241000
Give the down payment made ac
Give reconciliation account
Changes have been made
OBYR dev OVR

Figure 83

PAYMENT TERMS CONFIGURATION: payment terms means the terms and conditions between the business partners to settle the business transactions.

PATH: financial accounting-accounts receivables and payables-business transactions-incoming invoices/credimemos-maintain terms of payment TC: OBB8.

Give the payment term code: 2006 give description Give the payments terms and periods
Select the baseline date Save
Baseline date: the date from which the payment terms come applicable Day limit: up to which date the terms are applicable.
Account types allowed with this payment terms. Give the payment method allowed for this payment terms. If you give the payment method here in payments it will automatically prompted for vendor line items. If you want block the payment term we can give the block key. Fixed day indicates that the due date is a fixed date. As per the requirement of the project we can set it. You can select the base line as per the client requirement.

Installment payment term also can be defined as under (path same) Give payment term indicator200I give description: installment payment terms Select the installment payment term check box and save.
Go to the option installment payment terms and select new entries button give the payment term and select the serial number for installment and give the %of installment and also the payment term applicable for that installment.

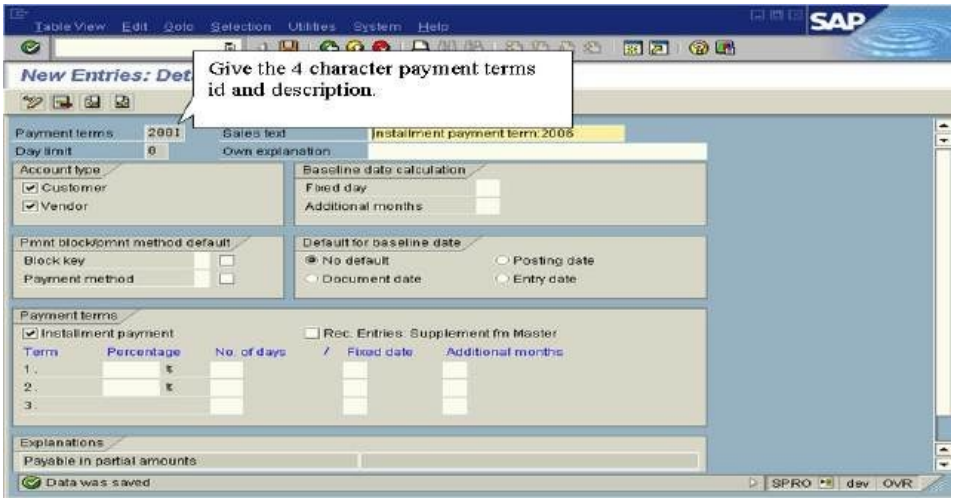


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Det
Give the 4 character payment terms id and description.
Payment terms 2001
Sales text Installment payment term 2006
Day limit 0
Own explanation
Account type
Customer
Vendor
Baseline date calculation
Fixed day
Additional months
Pmnt block/pmnt method default
Block key
Payment method
Default for baseline date
No default
Posting date
Document date
Entry date
Payment terms
Installment payment
Rec. Entries: Supplement fm Master
Term
Percentage
No. of days
/
Fixed date
Additional months
1.
2.
3.
Explanations
Payable in partial amounts
Data was saved
SPRO
dev
OVR

Figure 84

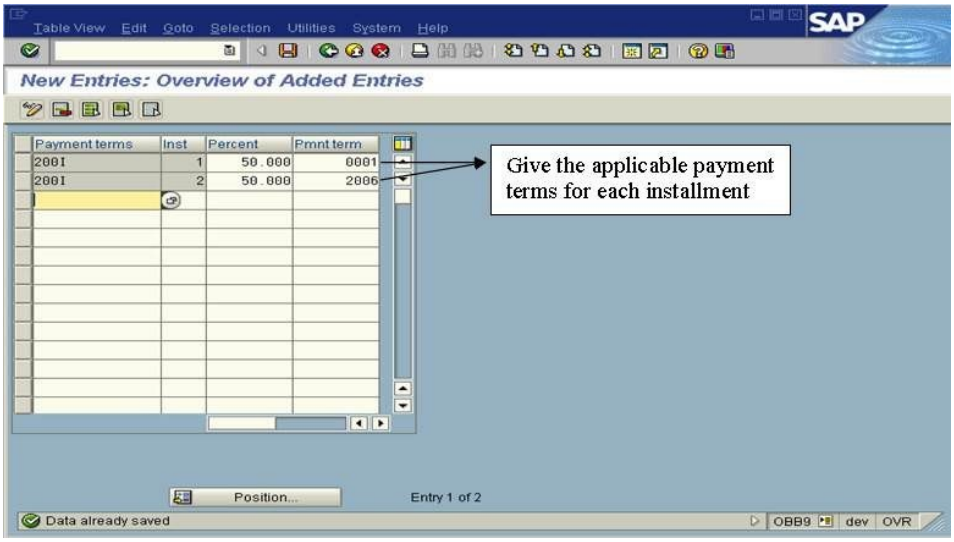


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Payment terms Inst Percent Pmnt term
2001 1 50.000 0001
2001 2 50.000 2006
Give the applicable payment terms for each installment
Position...
Entry 1 of 2
Data already saved
OBB9 dev OVR

Figure 85

Define net procedure for cash discounts:
This is one of the best methods available in sap environment. This shows the notional loss/gain on account of the availment of cash discounts offered by the business partners.
Prerequisites: 1 cash discount account as clearing account
2. Document type for net procedure is Doc. Type: KN

Path: financial accounting-ar ap-business transactions-incoming invoices/ credit memo – define account net procedure TC: obxa

Give chart of accounts: 2006
Give cash discount clearing account number:

Next step: define the accounts for discount lost account:
Path: financial accounting-ar and ap- business transactions-outgoing payments-outgoing payment global settings-define accounts for lost discount TC: OBXV

Give chart of accounts give cash discount account (expenses ac) and save the data

DEFINE ACCOUNTS FOR CASH DISOUNT TAKEN:
Financial accounting- ar and AP –business transactions-outgoing payments- outgoing payments global settings-define accounts for cash discount taken. TC: OBXU
Give chart of accounts: 2006
Give discount taken and save the data.

DEFINE ACCOUNTS FOR OVERPAYMENT / UNDER PAYEMNT:

While doing the settlement of business transactions, it is quite often to receive the over payments or some times under payments. The small amount of over/under payments has to properly account for in the system. Other wise, clearing function is not possible. To do this we require an account called overpayment/under payment account as expense or income. After that we have to determine the accounts for over/under payments.

We have to define the reason code for over payment or under payment.

Define reason code for payment diff: path:

Financial accounting-accounts receivables and accounts payables- business transactions-out going payments-manual outgoing payments-overpayment/ under payment-define reason code for payment diff.

Give two character reason code; shot text long text, select C check box (compulsorily)

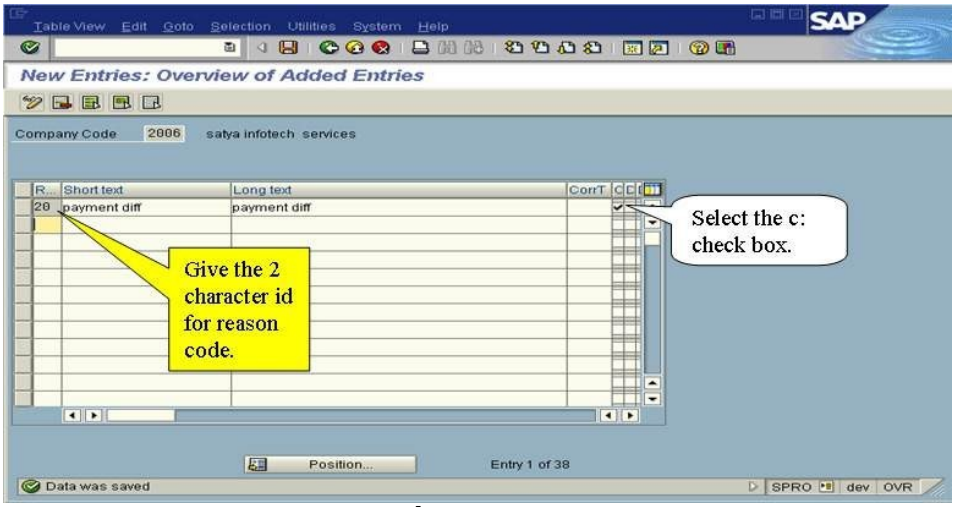


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Company Code 2006 satya infotech services
R... Short text Long text CorrT C
20 payment diff payment diff
Give the 2 character id for reason code.
Select the c: check box.
Position...
Entry 1 of 38
Data was saved
SPRO dev OVR

Figure 86

Define accounts for over payment/under payment

Path: financial accounting-ar and AP –business transactions-outgoing payments- outgoing payments global settings-define accounts for over payment and under payment. TC: OBXL

Give chart of account: 2006

Select dr/cr check box and reason code

check box Save

Give the reason code: 20
Give debit account number and credit account number. Save

Define accounts for exchange differences (OB09)
The concept was dealt in the general ledger accounting. Refer foreign exchange transactions, in general ledger accounting.

Define accounts for bank charges (vendors): TC: OBXK Path is same as above.
Double click on BSP
transaction Give chart of
accounts: 2006.
Give bank charges account:
Save.
Note: while making the outgoing payment you have to give the original amount of invoice in amount column and bank charges in the column provided.

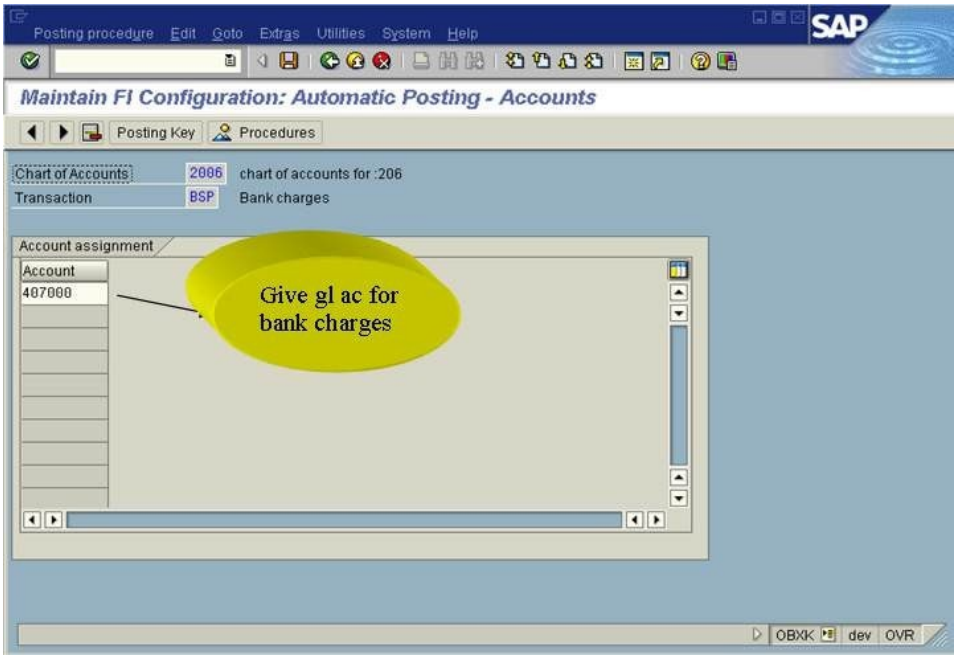


Figure 87

END USER ACTIVITIES:
The general activities of the end users in connection with the incoming invoices are as under

1. Recording of down payment request:f-47
2. payment of down payment (or conversion or request into down payment:F-48
3. Posting of incoming inovoices:F-43
4. clearing of down payment to invoices:f-54
5. posting of credit memos:f-41

6. Posting of transactions in enjoy screen also F-60and credit memos: F-65
7. manual clearing of account F-44
8. display of account balances:fk11
9. display /change line items:fbl3n
10. **print the correspondence: path : accounting-financial accounting- accounts payable- account-correspondence- FB12 request:**
    give the company code :2006 and enter

Double click on the correspondence ID and give the customer/vendor number and <press enter>
A message will be displayed having requested the correspondence is requested.
F.64 Maintain: give the details and execute the programme. And give the printer name and see the print view of the correspondence id you have selected.
Note: correspondence types can be defined in the IMG screen and can be assigned to company code. We have to define the correspondence form which required for the project.

Recording of down payment request: path: in easy access screen : accounting-financial accounting-accounts payable-document entry- down payment-down payment request.F-47

Give the header data
Give the vendor account no:
Give target spl.gl indicator A press <enter> give the amount and due date of the request and text and save the data.

Note: down payment request is a noted item hence select the noted item in fbl1n noted items and execute the report. A request will appear as open item.

Payment of down payment (conversion of request into down payment): f-48(path is same)
Give the header data
Vendor account number: special gl
indicator A Bank account details
Click on request column
Select the check box of request line item (partially we can not convert into down payment)

Click on create down payments button Post the transaction.

Note: noted item will be cleared and spl.gl item shows as open item.

Post the incoming invoice in F-43 and post credit memo if any in F-41 and to clear the down payment to invoice:F-44

Give the header data

Vendor data and click on process down payments button

To apply total down payment double click on the transfer

posting column Simulate and save

We can make the residual amount in f-53 payment by selecting either standard clearing, partially clearing or residual clearing functions.

We can post vendor transactions in Enjoy screen also: TC: FB 60 for invoice posting.

For posting of credit memos in Enjoy screen: FB65

The other functionality to post the multiple invoice transactions or credit memo in single screen is FB10 Fast entry screen.

Reference Documents:

We can prepare the reference documents in accounts payable and accounts receivable components, same as the general ledger accounting component. After making the payment we supposed to arrange a check or bill of exchange to the vendor. For the purpose we must configure the Bank accounts in Bank master record.

CHAPTER 3

Bank Accounting

BANK ACCOUNTING

In the processing configuration of bank accounting we, firstly have to create Bank master record at country level. We can use this bank master record for maintaining the account and do the necessary business transactions for the company. The bank which is used for transactions for the company is called as House Bank. In the process of customization, definition of house bank is the beginning. We can create the Bank Master record separately and use it as the House Bank as per the requirement of the project.

Define house bank: path: fa-bank accounting-bank accounts-house banks. TC: FI12
Give company code: 2006
Click on new entries button:
Give the 4 character ID for the
house bank Give the bank country
Bank key number (optional in India)
(mandatory in us) Click on create Button
Give the address other details
continue Double click on bank
accounts column box Give bank
account ID and description.
Give the bank account number

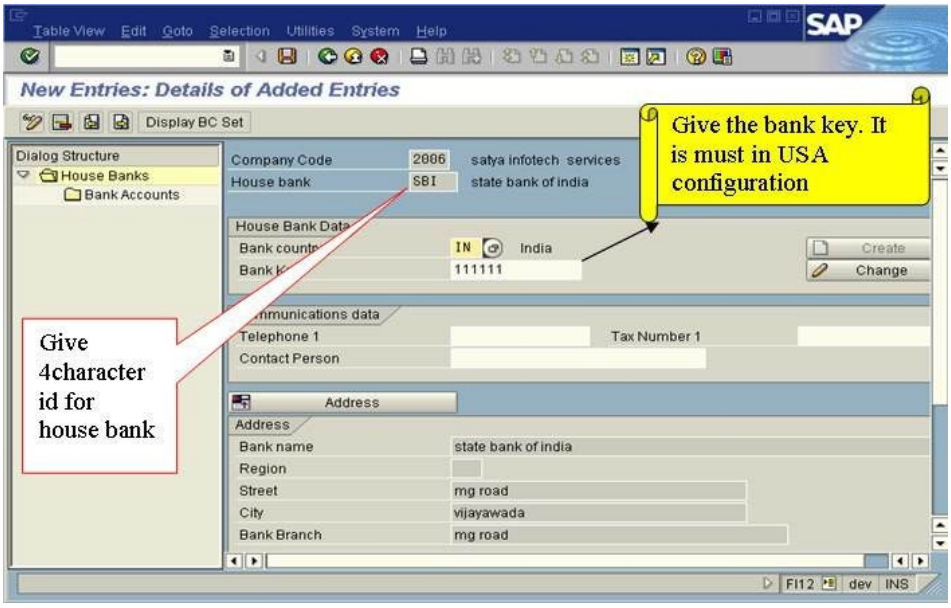


Figure88

Give the general ledger account number of the bank account (for which we want to maintain the cheque lot) Give the currency INR (bank account currency and GL account currency must be the same). The screen will appear as under

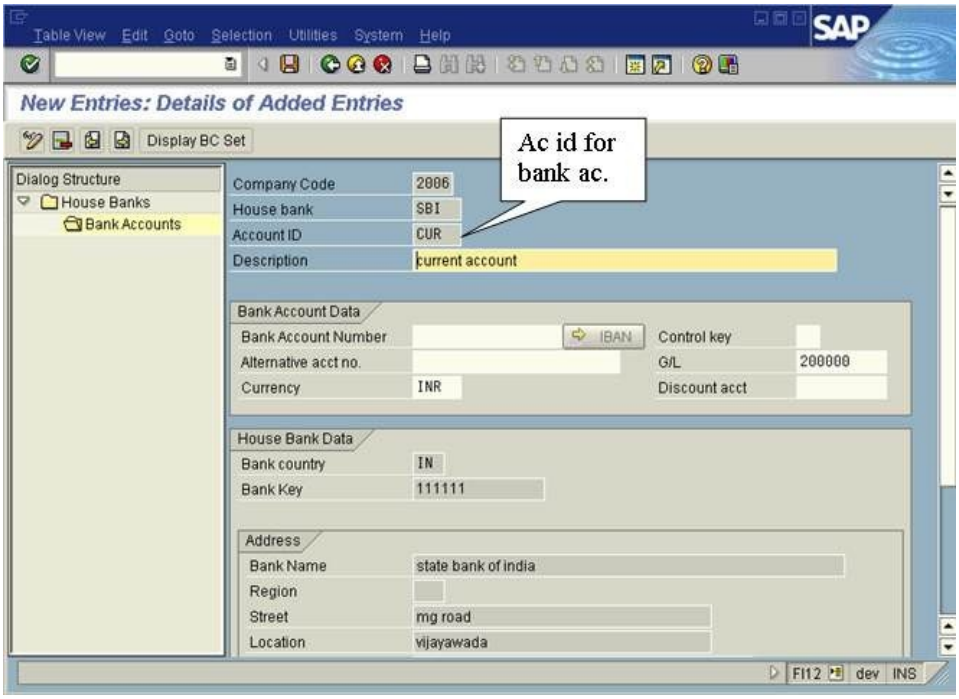


Figure 89

Maintenance of cheque: path:
Fa-accounts payable and accounts receivable-business transactions- outgoing payments-automatic outgoing payment-payment media-check management- define number ranges for checks: TC: FCHI

Give house bank ID
Give house bank account ID select change button
select create button Give lot number
Check from number and to number
Selection of non sequential check box is optional. However, to run the automatic payment programme sequential check lot is required.
Save the data.

ISSUE OF MANUAL CHECKS:

Accounting-fa-accounts payable-environment-check information- create-fch5 create

Give the payment document number:
House bank id and account id and cheque number:
Save

DISPLAY CHECK REGISTER: (path is same) TC: FCHN
Give paying company code, house bank and
account ID Execute

Issue of duplicate cheque: path is same TC: FCH4

Give the check numbers (already issued) to be postponed from number and to number

Give the reason code:
Give the new check number to be issued:
Click on renumber button.
System issues a new cheque for the old check which was voided by the reason.

Reprinting of the check: path is same TC: FCH7
Give the check number to be
voided Void reason code
Give the new check number to be
printed Give the alternative form
number
Give the printer name
Select print immediately check box and
press<enter> Details button and give
check number.
And save.

RECORDING THE ENCASHMENT DATE: PATH SAME: TC: FCH6.
Give the cheque number and
enter Give the encashment
date
Save the data.

VOID CHECK:
Void of checks are two types; one is unused checks and issued checks. Path: is same as above TC: FCH3
Give the check numbers to be
voided Give reason code
And click on void button.

Void of issued checks: path is same: TC FCH8:
Give the check number

Give void reason
code Click on void
button.
Note: in this case we have to separately reverse the payment document Otherwise **select FCH9** we can void the checks and reverse the payment document also in one step.

Notes: we can delete the voided cheques form the check register

We can delete the check information from payment run
We can delete the manually issued check information from the register We cam reset the encashment data in TC: FCHG and change the encashment date.

RENUMBER THE CHECK: same path: TC: FCH4
We can void the issued check and give a new check without cancel the payment in this option.
Without canceling the payment we can issue new check and print the new check for the same document also in transaction code: TC FCH7
We can delete the voided checks, manual checks, and payment run also. And reset the void checks.

AUTOMATIC PAYMENT PROGRAMME: This is one of the best functionalities of sap. This can be used either to issue checks automatically or sometimes receive the incoming payments also. For which we have to take configuration of automatic payment programme carefully.

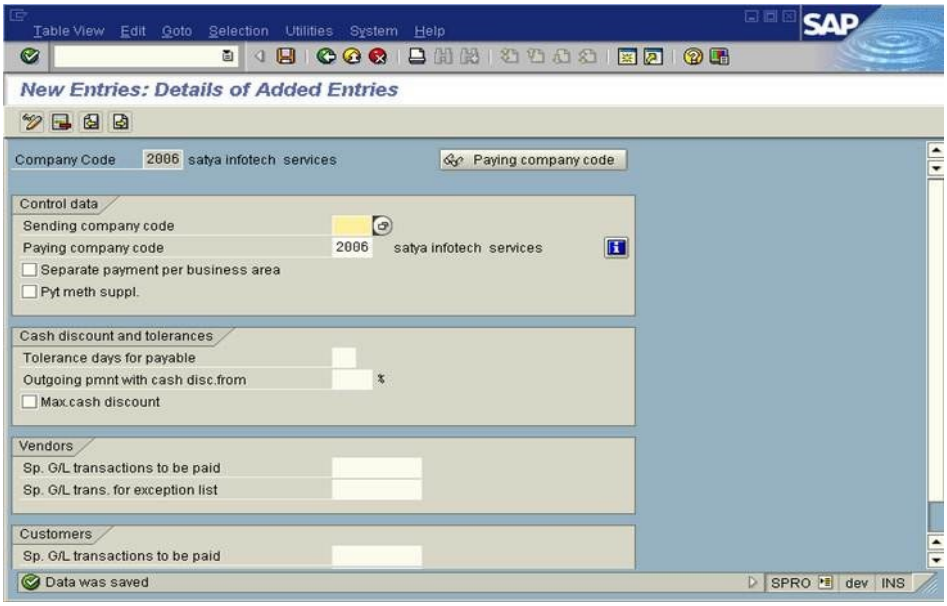


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Company Code 2006 satya infotech services
Paying company code
Control data
Sending company code
Paying company code 2006 satya infotech services
Separate payment per business area
Pyt meth suppl.
Cash discount and tolerances
Tolerance days for payable
Outgoing pmnt with cash disc.from %
Max.cash discount
Vendors
Sp. G/L transactions to be paid
Sp. G/L trans. for exception list
Customers
Sp. G/L transactions to be paid
Data was saved
SPRO dev INS

Figure 90

Path: financial accounting-accounts receivable and payable–business transactions-outgoing payment-automatic outgoing payments-payment method/ bank selection-set up all company codes for payment programme. TC: FBZP.

Give company code: 2006

give sending company code (optional):This is the company which known to the vendor as sending the payments to them.

Give the paying company code: 2006 this is the company which known to the vendor as paying company to them.

1. If you want separate check for business areas select the check box
2. Are allowing any tolerance days for payment select the check box
3. If you want always take maximum cash discount irrespective the payment terms select the check box
4. If you want make the payment for special gl transactions like down payments etc, give the indicator.
5. If you want to avail the cash discounts or go for opportunity costs give the % of discount in the column provided out going payment with cash discount form.

SETUP PAYING COMPANY CODE FOR ALL PAYEMNT TRANSACTIONS:

Click on new entries button.

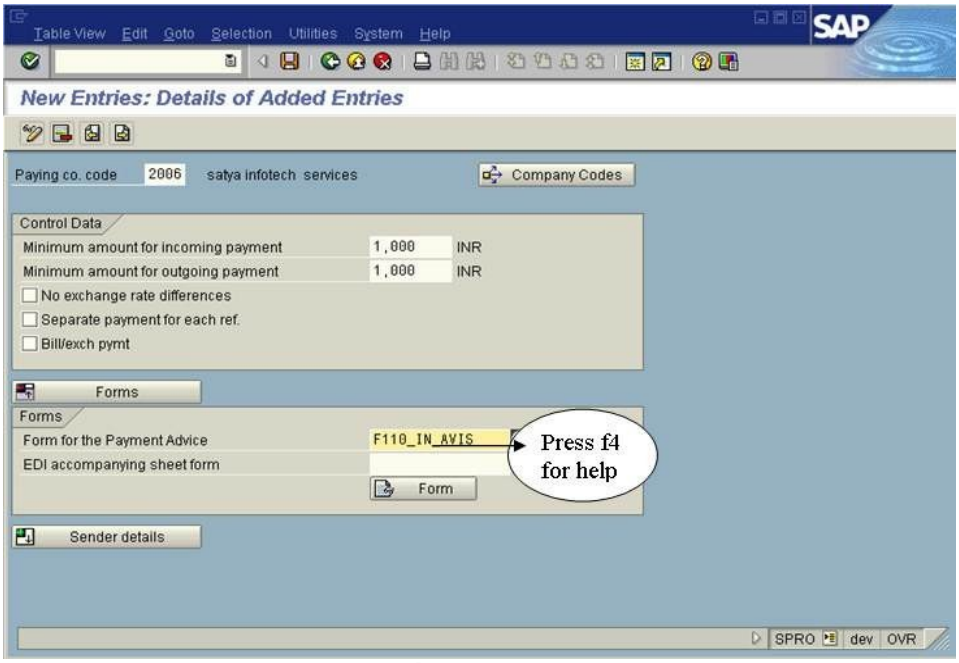


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Details of Added Entries
Paying co. code 2006 satya infotech services
Company Codes
Control Data
Minimum amount for incoming payment 1,000 INR
Minimum amount for outgoing payment 1,000 INR
No exchange rate differences
Separate payment for each ref.
Bill/exch pymt
Forms
Forms
Form for the Payment Advice F110_IN_AVIS
EDI accompanying sheet form
Form
Press f4 for help
Sender details
SPRO dev OVR

Figure 91

Give paying company code: 2006
Give minimum amount for incoming payment: 1000 Give maximum amount for outgoing payment: 1000

If you do not want to consider the exchange diff while making the payment select check box

You want to issue a check separately invoice wise select the check box If payment is made through bill of exchange selects the check box.

The payment advice note which will send with the check, give the form of advice as above in the figure.

If you want to give the sender details give the text ID: ADRS.

Details as: adrs_ header; adrs_footer; adrs_signature; adrs_sender in the columns provided well below the text ID column.

Save the data

SETUP PAYMENT METHOD PER COUNTRY FOR ALL PAYMENT TRANSACTIONS:

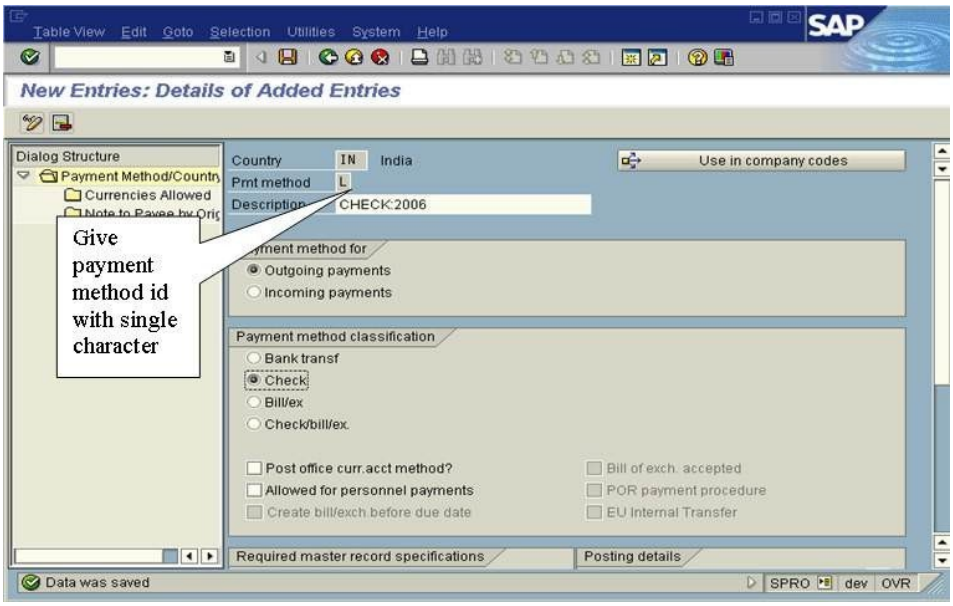


Figure 92

select the payment method classification as per the requirement. If the company wanted to use this payment method for paying personal payments select the check box of allowed for personnel payments.

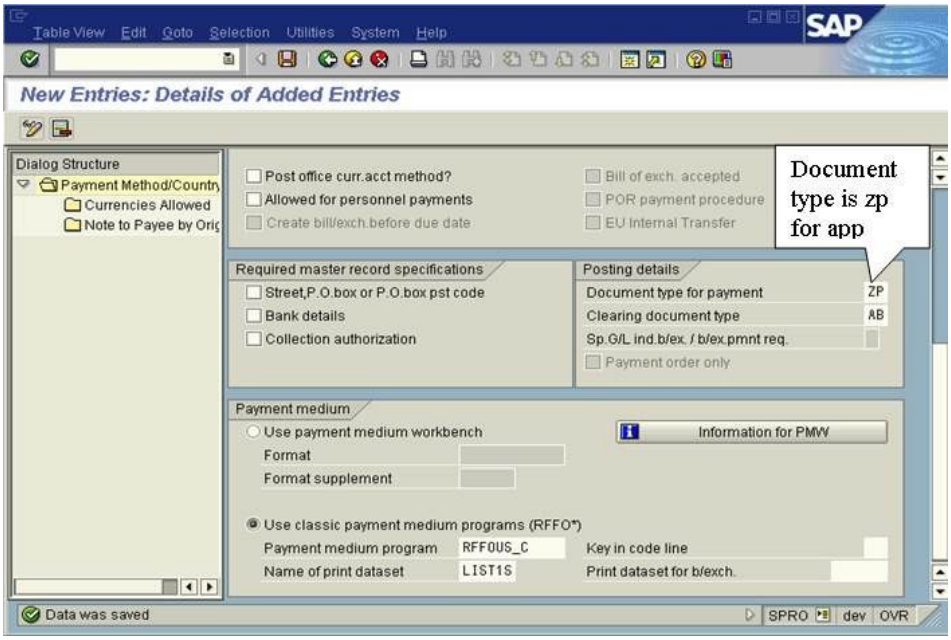


Figure 92.1

give country name: in
give payment method : L (any single
character) give description: check

select the outgoing method or incoming payment method (radio button) any one only select

select the payment method classification in this case it is Check; give the document type for automatic payment payments ZP
give the clearing document type:AB: Give the payment medium programme as:RFFOUS_C
give the name of the print data
set: list1s save the data: screen is
as above.

Note: if you want control the master data details by selecting any one check box provide.

We can restrict the payment method to any specific currency by mentioning the currency in the currency allowed option.

Payment order: if you select this check the system will not post the payment document. However the items will be blocked for further payment runs. The particular items will not be cleared until the payment run is made in respect of the payment orders.

Records specification in master record: This will enable to give the selected details should incorporate in the master record. If the details are not mentioned, the payment programme will not run properly,.
Note: we can restrict the payment method as per the currency wise also. This can be done by selecting the currency allowed option and give the currency in which the payment method is used. The null value indicates that this particular method is used to make the payments in all currencies.

SETUP PAYMENT METHOD PER COMPANY CODE FOR ALL PAYMENT TRANSACTIONS:

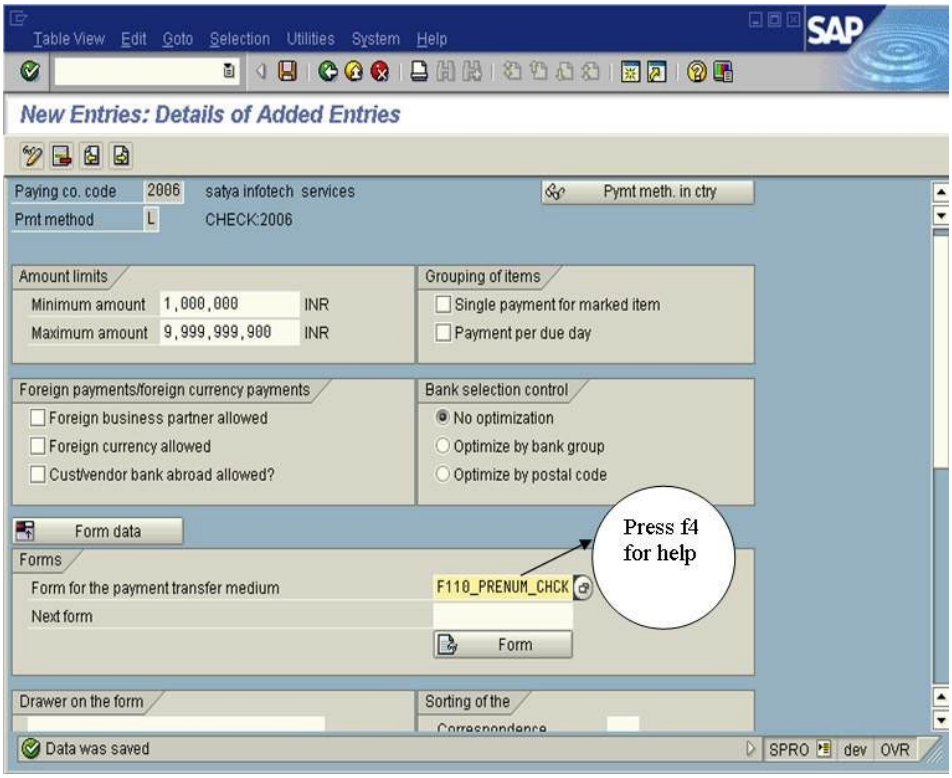


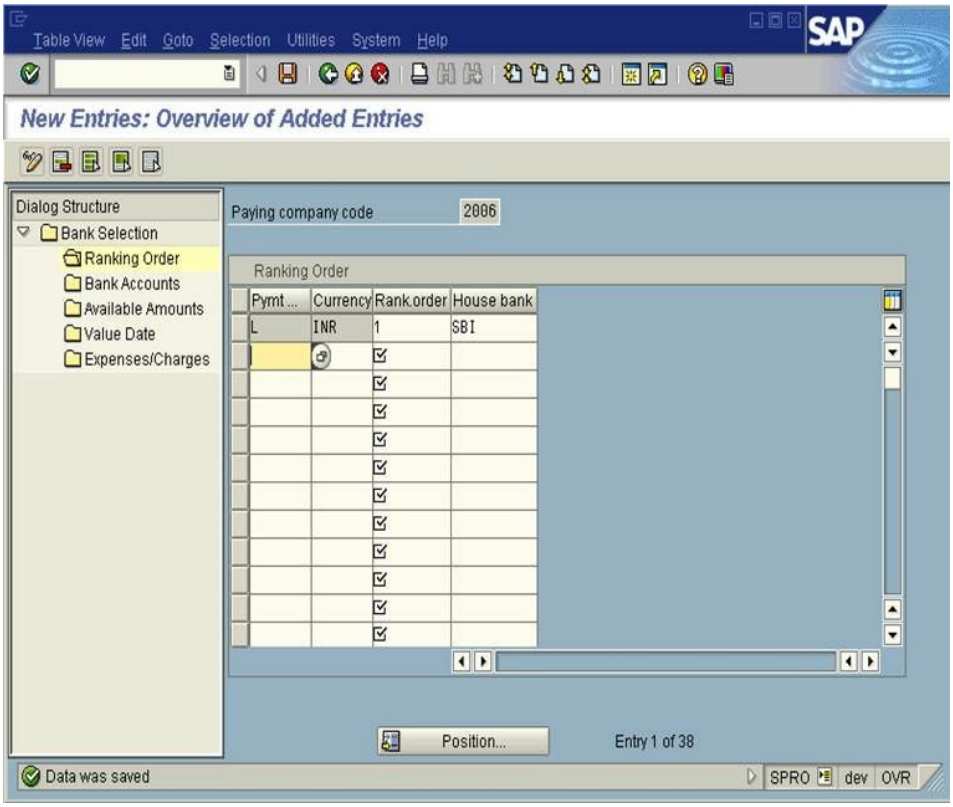
Figure 93

Give paying company code:
2006 Payment method: L
Give minimum amount: 1000
Give maximum amount: 9999999999
If your client wanted to make the payment as per due date select the check box If the client wanted to allow all types of foreign currencies in the programme and foreign banks select the related check boxes. If the company is following

any optimization method select or making the payments through postal banks select the concerned check boxes.
If the company intends to make the payment as per the due date select the due date check box in grouping column, other wise to make the payment individual item wise select the relevant check box.
Give the form name of the payment medium: F110_prenum_chck Give the drawer details to be printed on the check and save the data.

SETUP FOR BANK DETERMINATION FOR PAYMENT TRANSACTIONS:

Select the company code:
2006 Double click on
ranking order Select new



entries button

Figure 94

Give the payment method of the company: L Give the currency of the payment method: inr
Give the ranking order for making the payments bank wise: 1 Give the house bank name for the

ranking order: sbi

The details of the screen as above:
Double click on bank accounts column; select new entries button. Give the details made in the screen

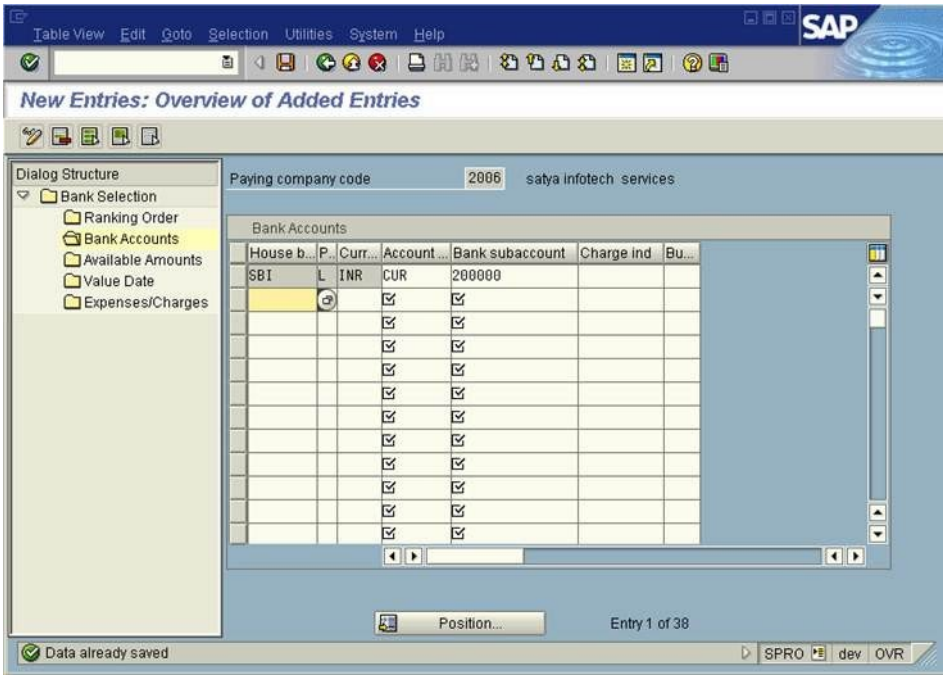


Figure 95

Give the House Bank name:
sbi Payment method: L
Currency: INR
Account ID: CUR
Bank account (general ledger account):200000(we have to give the bank account for which we have assigned the check lots.

Give the bank charges indicator in the column.(indicator must be defined in advance, and the bank account for bank charges might have been created with relevant cash flow option.

Double click on available amounts column
Select new entries button give the details of the house bank and account id and available outgoing amount for the account and available incoming payment amount in the columns. This is only for the purpose of evaluation purpose only.
Configure the value date is (optional) we suggest you to go for other all configurations after familiarizing yourself in the **app** programme.

With this basic automatic payment programme configuration is completed. Now we can go for execution of automatic payment programme in the easy access screen.
If you want run the automatic payment programme we must have open items in the vendor account with due or over due position. Then only the system considers the automatic payment programme.

APP run: Accounting-financial accounting-accounts payable-periodic processing-F110 payments.
Give the run date: run date may be any date:
13.08.06 Identification Number: give any number to identify the programme Click on parameters tab
button

Give the posting date: this is the date on which the entries are posted by the system.(this date is defaulted from the run date in the previous screen given.

Documents entered date is the date: this is the date of the documents included in the app run.

Customer items due by: if you want to consider the items not due in the present APP we have to make the date on which the items due for payment. Then the system considers the APP.

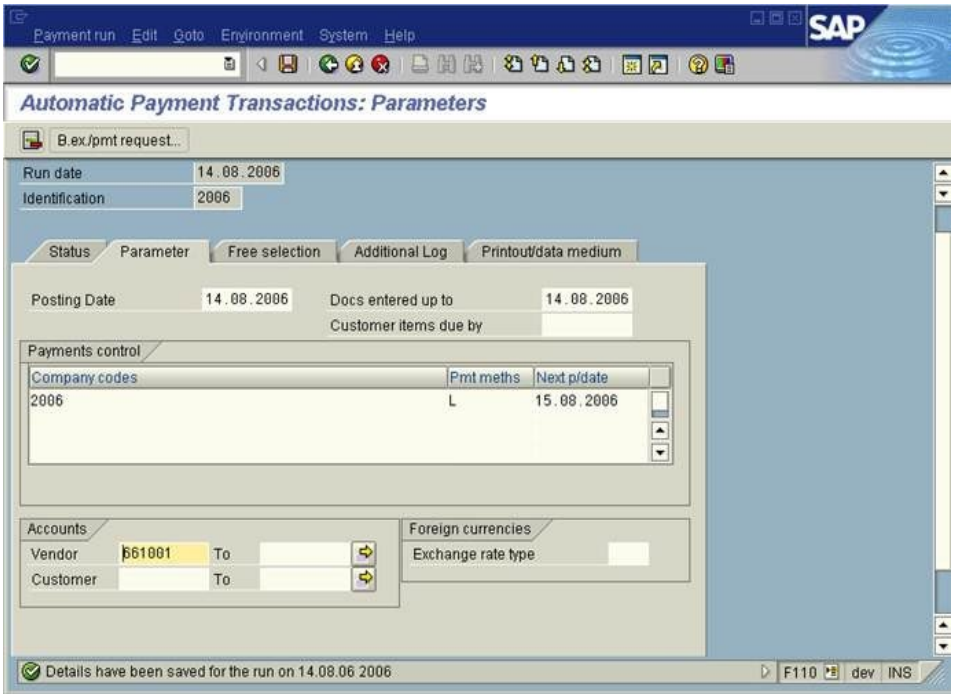


Figure 96

Give the company code: single or multiple: 2006 Give the payment method: L
Give the next payment date: always following date to the run date. Give the vendor number: 661001 if required customer number also Save the data the screen will appear as under;
after saving the parameters, click on status button, system displays parameters entered,

the click on payment proposal button the following screen will appear and give the details as appearing in the screen

once proposal button is clicked, you will get small pop up screen in that please select start immediately check box. And continue.
Please press <enter> button twice: you will get the message: payment proposal has been created

Select the edit proposal button; a small pop up screen will be displayed and continue button the system displays two types possibilities mentioned as under;

1. With Exceptions: it means that there are lacunae in the creation of master records of the vendor/customer or some probable errors in bank accounting. In this context we have to do the edit proposal by double clicking on the exceptions; and again double clicking on the amount second time;
2. the other option is that if there are no mistakes the system displays amounts which are picked for payment programme, then editing is not required in this aspect.

In case of Edit proposal: after two double clicking a popup screen of change line items will be displayed. Click on reallocate button .another change payment popup screen will be displayed.

Give the payment
method: L Give house
bank: sbi
Give account ID: cur

Continue then the amount will be highlighted with blue color and save the screen and go back twice;(message: payment proposal has been edited)

Before going for the payment run if we want to see the check preview, set the print parameters by selecting the printout /medium tab button.

Give the variant name and keep the cursor on the variant click on maintain variants

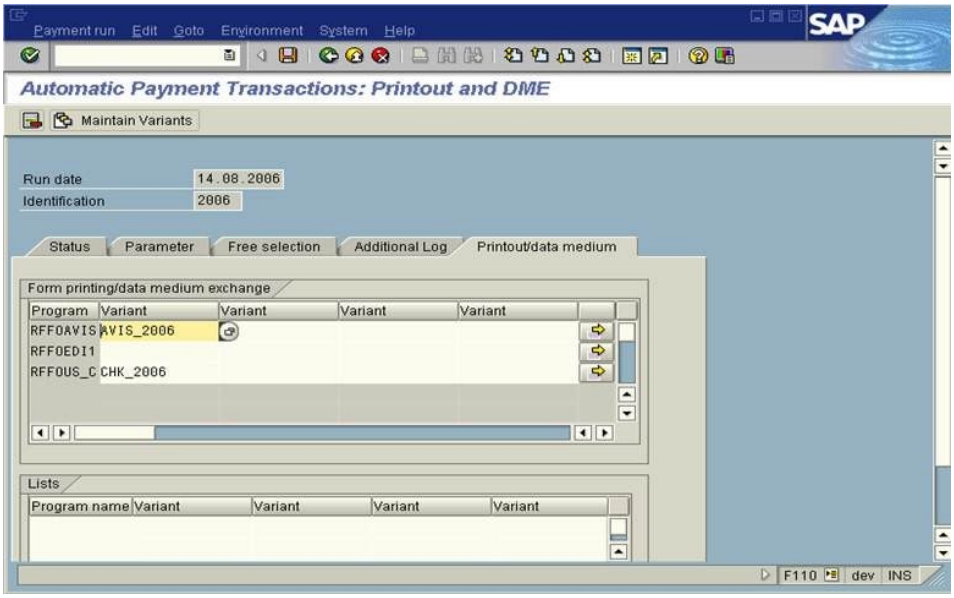


Figure 97

give the details as under in the
next screen click on payment run

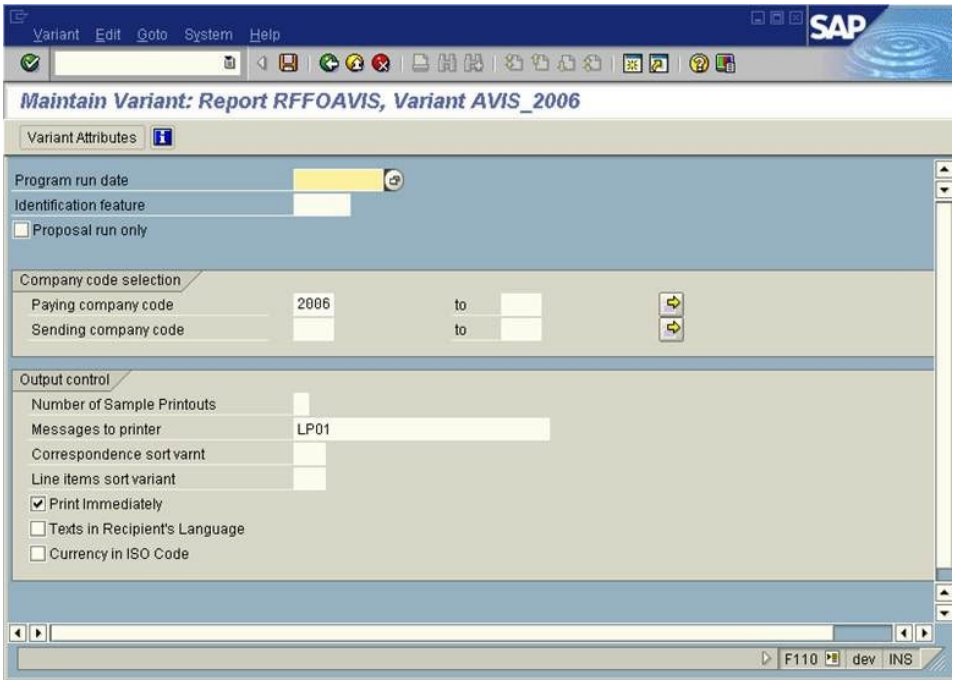


Figure 98

select start immediately; select create payment medium; continue go to menu item>system >services>output control>execute
spool requests will be created select any one request and click on details button we can see the check preview and payment advice preview also. Go and verify the vendor ac and check register.
after giving the details click on variant attributes button the screen will come as under and give the description column as mentioned in the screen

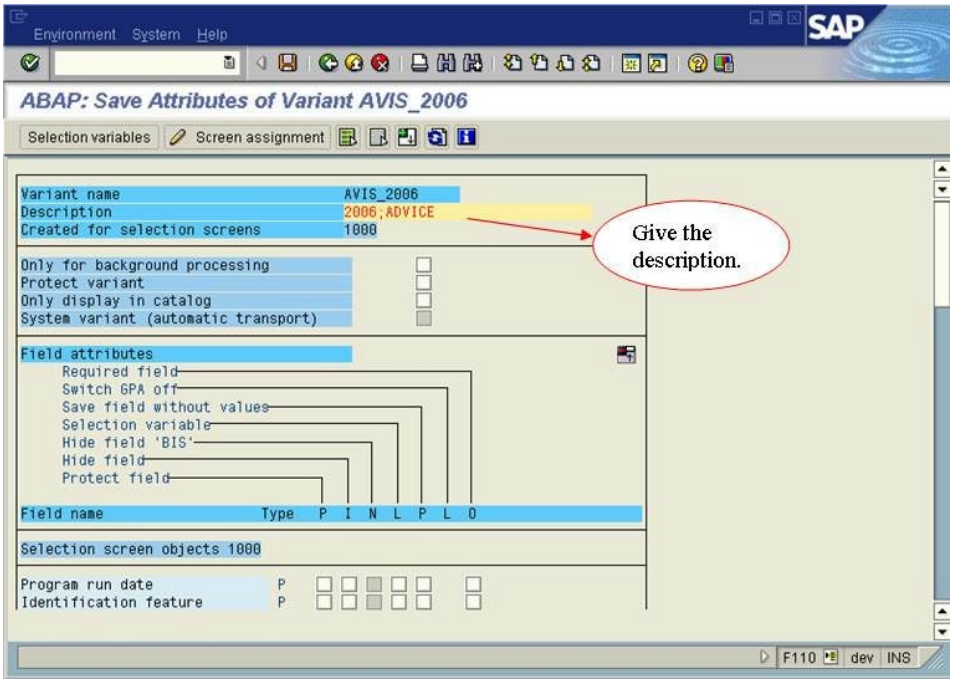


Figure 99

After giving the description save the variant. Go back twice again save. Repeat the same process for another variant i.e.
Click on payment run select checkbox start immediately; select create payment medium; continue
Go to menu item>system >services>output control>execute
Spool requests will be created select any one request and click on details button we can see the check preview and payment advice preview also. Go and verify the vendor ac and check registerChk_2006 also

Bill of exchange payable configuration: Business process: The Company is used to make the payment to

vendors by way of accepting bill of exchange. And make the payment on due date. Make the configuration of bill of exchange payable account in sap environment.

Pre requiste:1. we have to open one account bill of exchange payable account as Reconciliation account.

Process: define the alternative reconciliation account of bill of exchange payable account:
Path: spro-rimg-financial accounting-bank accounting-business transactions- bill of exchange transactions-bill of exchange payable- create bill of exchange payable account-define alternative reconciliation ac for bill of exchange account payables TC:OBYM

double click on K and W bill of exchange (redisountble) givechartofaccounts:2006

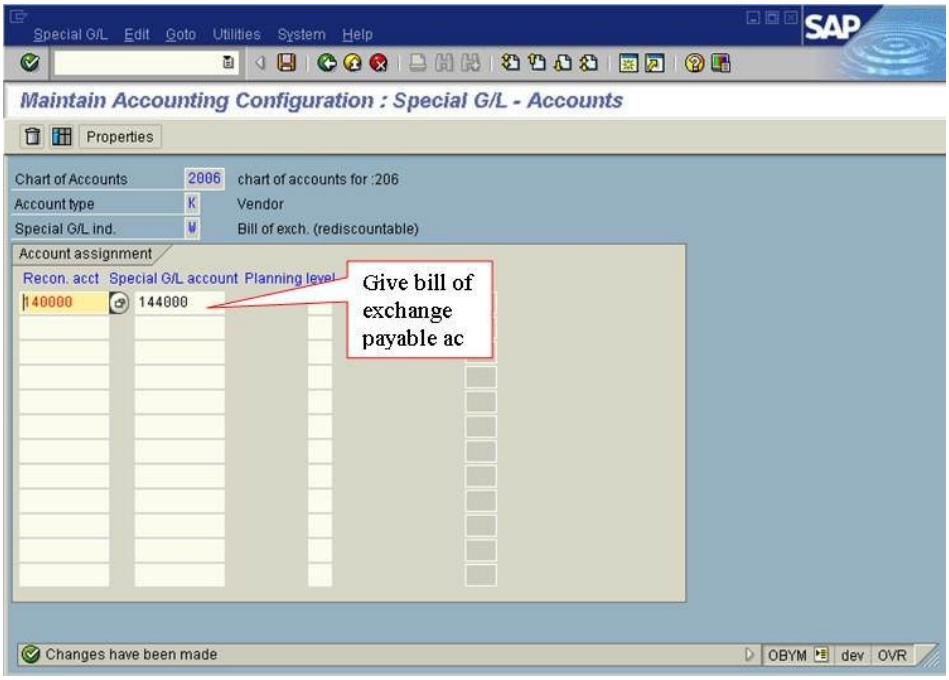

Special G/L Edit Goto Utilities System Help
SAP
Maintain Accounting Configuration : Special G/L - Accounts
Properties
Chart of Accounts 2006 chart of accounts for :206
Account type K Vendor
Special G/L ind. W Bill of exch. (rediscountable)
Account assignment
Recon. acct Special G/L account Planning level
140000 144000
Give bill of exchange payable ac
Changes have been made
OBYM dev OVR

Figure 100

give reconciliation account: accounts payable account give special general ledger account: bill of exchange payable account Save the data the screen will appear as above mentioned in the figure.

Posting of business transactions: posting of incoming invoice in f-43

Post the bill of exchange in: accounting-financial accounting-accounts payable- document entry- bill of

exchange-f-40 payment

give the header data and select the outgoing payment radio button

give the vendor account number :661001 give the amount and text
give the due date and issue date and click on process open items button again click on open items button do the standard clearing function, and verify the account balances
Honoring the bill of exchange on due date: by making the payment: accounting-financial accounting-accounts payable-document entry-others-f-51 transfer with clearing;
give the header data
select transfer posting with clearing option
give the posting key50 and bank account number give the amount and text click on process open items button ; give the vendor account number and click on again process open items button do the clearing function. And post.
Dishonoring the bill of exchange payable on due date:

1. Define the exception types: reason for dishonor
2. Define the bank account for dishonor.

ACCOMODATION BILL OF EXCHANGE:

Business process:

Satya InfoTech occasionally lends the vendor by accepting the bill of exchange payables in lieu of that the company takes a check from the vendor. Vendor will rediscount the bill of exchange with their banker. And the company used to make the payment on due date by en cashing the cheque on that day. There the liability of the company will be cleared.

Sap process:

To meet the above business process sap provided with the functionality of check/bill of exchange process. To configure the above process we require the following accounts. This type of transactions is also called as special general ledger transactions. The spl gl indicator is S.

Accounts required:

1. **Alternative special gl account as reconciliation account**
2. Automatic clearing account for spl.gl. Account as clearing account.(we have to select the automatic posting check box mandatory for this account.

Steps to be followed:

1. Financial accounting- bank accounting-business transactions-bill of exchange transactions-check/bill of exchange-define alternative reconciliation account for reverse bill of exchanges.

Double click on D and S check/bill of exchange Give chart of accounts 2006 Give the reconciliation account: accounts payable account Give the spl gl account: check/bill of exchange payable account Save the data

2.Define automatic account for Offset entry: Path is same: TC: OBXS. Give chart of accounts: 2006

Give the account type as K and S and give the account number and save the data

Posting of cheek/bill of exchange: path: accounting-financial accounting- accounts payable –document entry-bill of exchange-**fbw6 check/bill of exchange**

Give the header data Give the vendor details

Give the bill of exchange details and post and verify the account balances Make the payment on due date by posting in F-51 transfer with clearing and reverse the posting of automatic offsetting account in transaction code F-55. **End user reports: information systems-financial accounting-accounts payable- and various reports options. (Other than the reports available in accounts payable component also).**

Vendor Balances: S-alr_87012082: to verify the balances, and various selection parameters in dynamic selections.
Vendor transaction figures: s_alr_87012081: dynamic selection option is available.
Due date analysis of vendor open items:s_alr_87012078 List of down payments open items: s_alr_87012105
List of vendors: s_alr_87012086 dynamic selection criteria are available.

User specific control: we can make user specific controls and user defined requirements in TC: FB00: we can restrict or allow the particulars to the options available. EX: if you want to restrict a particular user to be allowed the data in Local currency only. Select the allow local currency check box. The particular screen will not be defaulted with the currency filed.

Assign the screen templates of your own: if you have created the screen templates for various purposes, assign the screen templates for the user master record in the above transaction code:

Some of the img configurations can be done by the users for their routine business transactions. Those are as under;

Path: accounting-financial accounting-accounts payable-environment – current settings:

1. Open and close posting periods:s_alr_87003642
2. Enter exchange rates: s_alr_68000174
3. Enter interest rates: s_alr_87001320 time dependant terms also: s_alr_87002510
4. Selection bank for payment programme: s_alr_870014

Automatic payment programme and Automatic clearing:
The above two terms are appearing as same. However, there is a difference in the functionality. The automatic payment programme is used to clear the open items, and issue the check automatically by the system. It used to mainly to make the out going payments.

Automatic clearing is the method of making the out going payments/ incoming payments. In the configuration we set the conditions or criteria for grouping of payments outstanding as the defined criteria. Whenever we run the payment programme the system will check the criteria for automatic clearing and make the payment accordingly. It is a predefined methodology for grouping of payments.

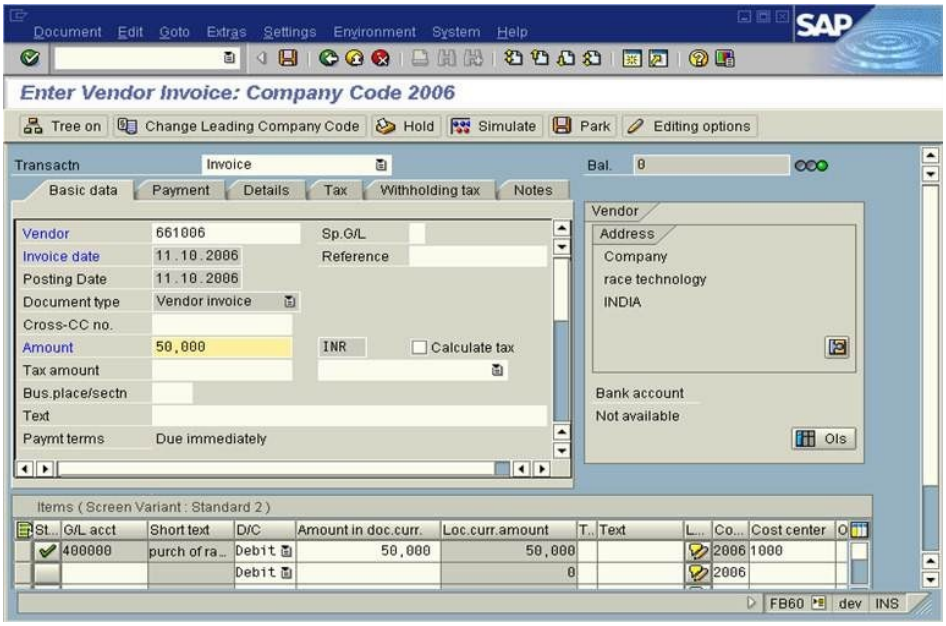
SAP ENJOY SCREEN (FB 70)
Features of enjoy screen:

1. We need not specify the posting keys;
2. We can see the open items of the particular vendor by clicking open items button
3. The address details also will be displayed
4. The screen variant can be changeable as per the requirement. The appearance of the enjoy screen is as under;

We have to ensure the company code by clicking the change leading company code option. We can post credit memos also in enjoy screen. We can post the multiple transactions in fb10 fast entry screen. We e can select the alternative payment currency if required.

Control totals: we can set the control totals in the option Environment>user parameters>FB07 control totals:
Click on maintain control totals option
Give the account type and the account

numbers And save the data.
System automatically updates total summations immediately with the postings.



Bank statement processing:
We generally call it as Bank reconciliation with the cash book or processing of bank statement. This is one of the priority tasks for the accounts department of the organization. It has lot of impact on the treasury management. If you are able to reconcile with the bank balances with the cash book, accordingly plan for the cash management. Hence it plays a vital role in liquidity forecasting in treasure module.

The organization, generally maintain accounts with several banks. The bank balances should be reconciled on day to day basis. For this purposes SAP contemplated two types of statement processing. The first one is manual statement processing and another one electronic statement processing. Electronic statement processing is most accepted method of reconciliation in today's environment. First, we configure the manual statement processing. In this text I mentioned some of the activities, required for the electronic statement processing.

In order to take up the bank statement processing in SAP environment, suggested a different GL account structure for the Bank accounts. SAP suggests a maximum of 10 general ledger accounts for each Bank account. (An organization may have more than 10 bank accounts also in real time). The Main Account with the Bank is called

Confirmed Bank Balance Account. In addition to this we need to maintain different Bank accounts for different

purposes in the books of the organization. These accounts are to be maintained as clearing accounts. Example: cheque deposit account. Cheque issue account, telegraphic transfer account etc., we need to reconcile all these clearing accounts with the main account which corresponds with the Bank account in the house bank. However, to determine the clearing accounts, we keep the future requirement of the organization also. The General pattern of bank accounts structure is the main account ends with the zero and the subsequent clearing accounts ends with 1 to 9. The remaining digits should be similar.

Business process: the organization issues cheques for different purposes. All the issued cheques may not present for payment on a particular date. Hence there will be discrepancy in the cash book balance and the bank account balance. Like the way the cheques deposited for collection may not be collected on the date of reconciliation. Similarly some expenses, interests, and dishonor of bills may also cause for the discrepancies.

SAP Process:
In SAP environment, we maintain different clearing accounts besides to main account. We issue cheque through separate clearing account (cheque issue clearing ac) instead of regular main account. Once the cheque is paid by the bank, the cheque issue clearing account will be debited and credited to main Bank account.(through manual statement processing or electronic statement processing). The clearing accounts balance shows the total incoming/outgoing liabilities and the bank statement shows the exact amount held for usage. Hence we can plan the liquidity management accordingly.

To take up the above sap processes we need to define the following configuration steps.

Pre requisites: open general ledger accounts as per the requirement. In this project I defined 3 accounts

1. Bank main account
2. Bank cheque deposit clearing account (clearing account)
3. Cheque issue clearing account. (Clearing account)

we can maintain 9 clearing accounts for different purposes.

Define posting key and posting rule for manual

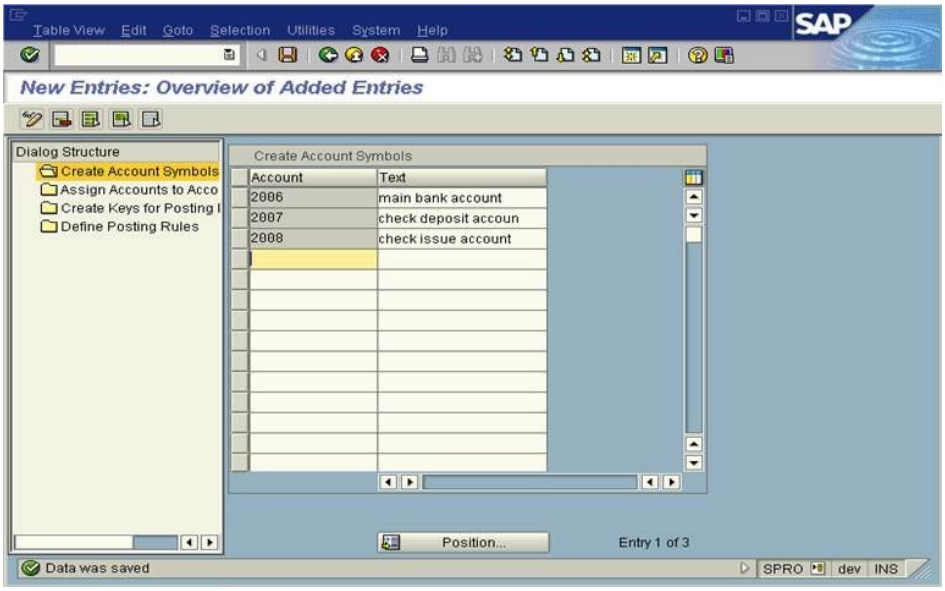
Bank Statement: Posting keys are useful to identify the posting area of transaction i.e. general ledger accounting or sub ledger accounting. Posting rules are defined to process the various types of transactions in the bank accounting. As a measure of configurations we need to define the account symbols for various transactions in the bank accounting.

Path: financial accounting-bank accounting-business transactions- payment transactions-manual bank statement-define posting keys and posting rule for manual bank statement:

Give chart of accounts: 2006

a) Define account symbols: SAP has already defined the account symbols we can use the symbols or we can create our own account symbols for the project if required. Click on new entries button

give the account symbol Id:



And give the text of the account symbols. We need to define account symbols for each clearing account maintained in the house bank. The screen will appear as above.

Assign accounts to Account Symbols: double click on the option and click on new entries button

Give the account symbols created in the previous step: Give the currency in which the accounts are being maintained and the respective general ledger account numbers as in the form of masking type (as appear in the screen)

Double click on create posting keys for posting rules: Click on new entries button

Posting rule key is used to identify the rule for posting into general ledger or sub ledger accounting.

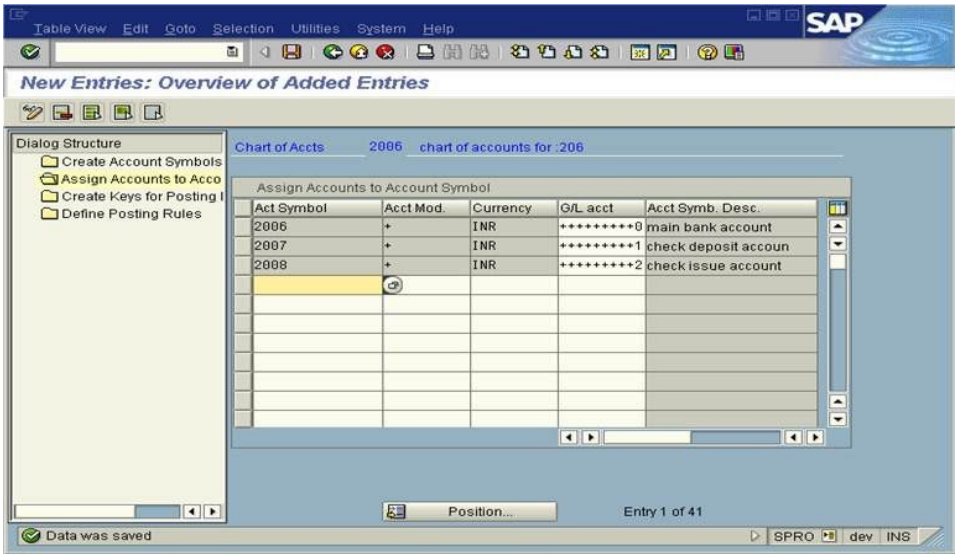
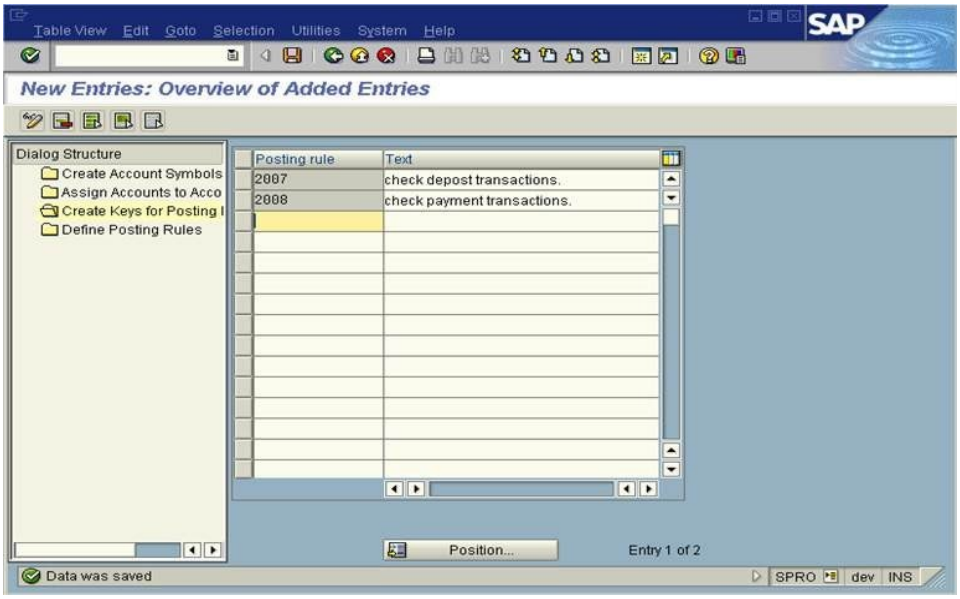


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Dialog Structure
Create Account Symbols
Assign Accounts to Acco
Create Keys for Posting I
Define Posting Rules
Chart of Accts 2006 chart of accounts for :206
Assign Accounts to Account Symbol
Act Symbol | Acct Mod. | Currency | G/L acct | Acct Symb. Desc.
2006 | + | INR | +++++++++0 | main bank account
2007 | + | INR | +++++++++1 | check deposit accoun
2008 | + | INR | +++++++++2 | check issue account
Position...
Entry 1 of 41
Data was saved
SPRO dev INS

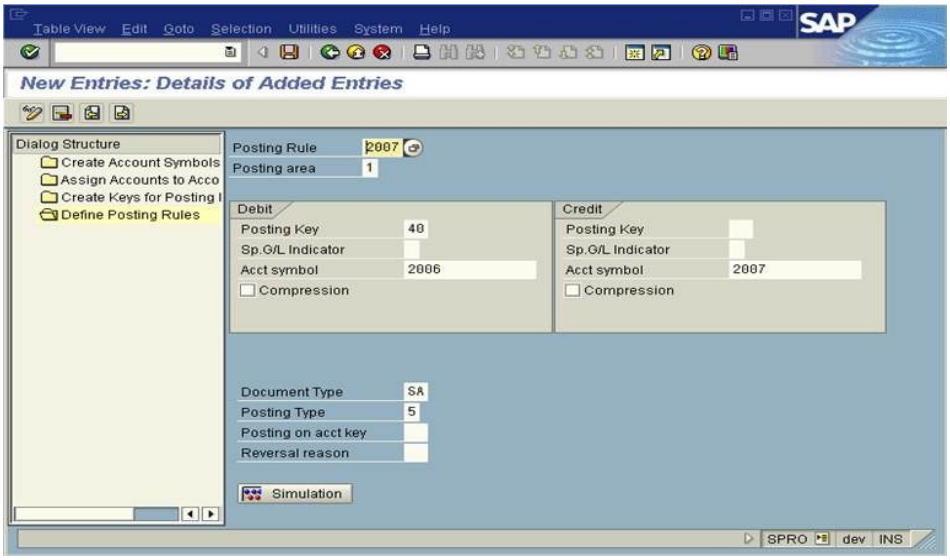
Double click on define posting rule and click on new entries button



Give the posting rule: 2007: check deposit
Posting area: 1 (select from the options either 1 or 2)
press f4 for possible entries: we have to select depending on the posting rule.
Under debit option: debit posting key 40
Account symbol: 2006 (main bank account
symbol) Give only the credit account
symbol: 2007
Give the document type as SA and the posting type are:
5: clear credit GL account:

Note: while processing the bank statement the check deposit account will be credited with the amount and debit to the Main bank account. This will be done through the account symbols. Save the data.

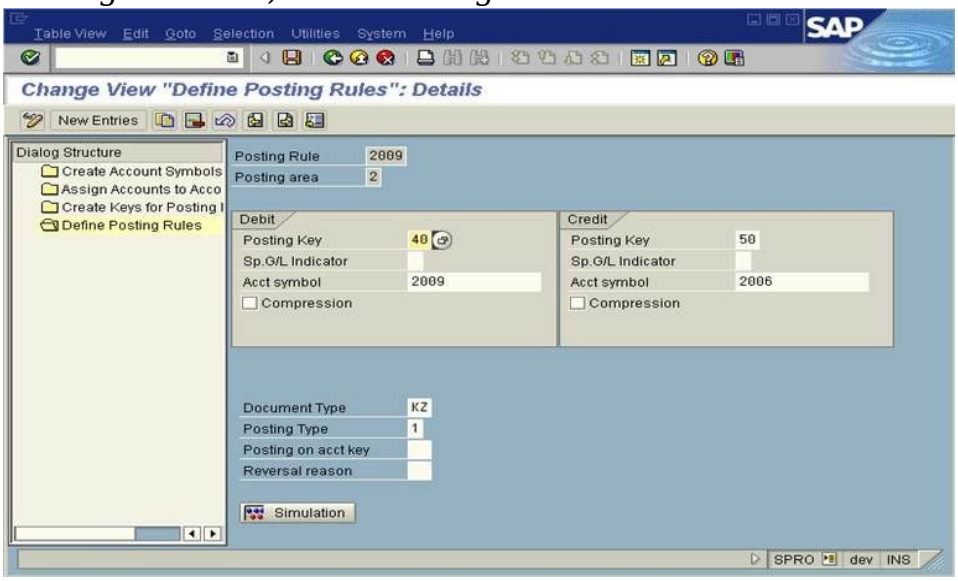
Give the reverse way for check issue transactions (as appear in the screen)



For payment transactions: give the credit posting key: 50 and account symbol: 2006 (main bank account)

For debit side give the account symbol: 2008 (check payment transaction symbol)

Document type: SA and posting type: 4 (clear debit gl account) For sub ledger transactions we



have to define as under:

We need not define the account symbol for sub ledger postings; like the way we can create as many as symbols, posting keys and posting rules. For bank charges also we need to define separate symbol and do the rest of the things same as mentioned.

Note: if you select the posting type as 1. We can define the debit and credit posting keys. While creating the posting rules the posting type should be 1 and give the debit and credit posting keys and symbols.

Create and assign the business transactions: path is same as above: This is the important configuration requirement for manual bank statement processing. In SAP the Bank Statement processing is done through the account symbols and posting rules and keys. We need to specify whether the balance is increase or decrease with

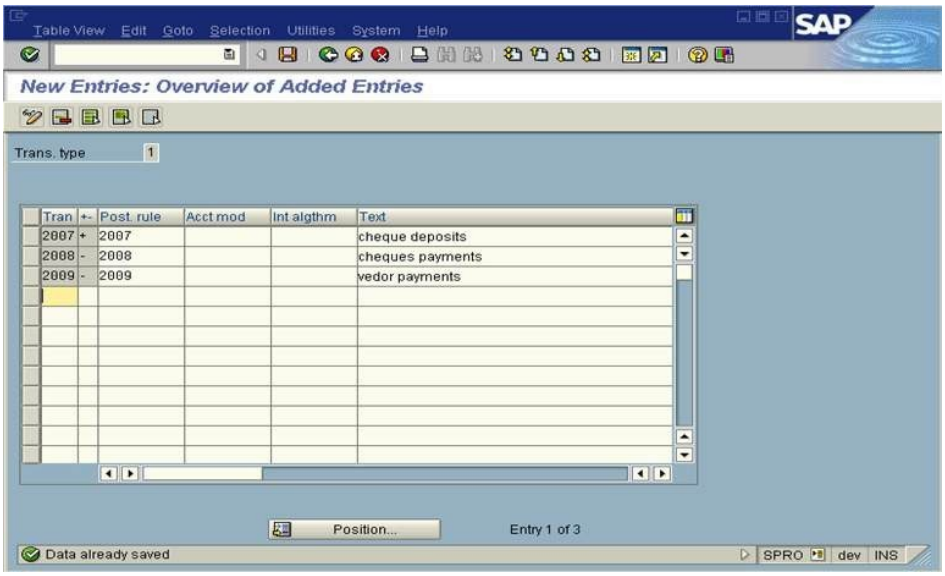


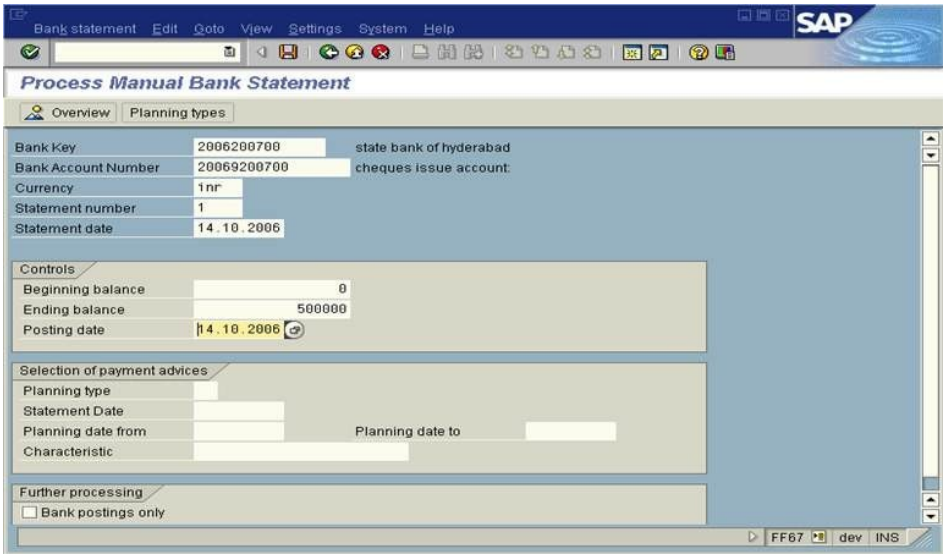
Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Trans. type 1
Tran +- Post. rule Acct mod Int algthm Text
2007 + 2007 cheque deposits
2008 - 2008 cheques payments
2009 - 2009 vedor payments
Position...
Entry 1 of 3
Data already saved
SPRO dev INS

the posting rules. For that purposes, we have to define the business transactions.

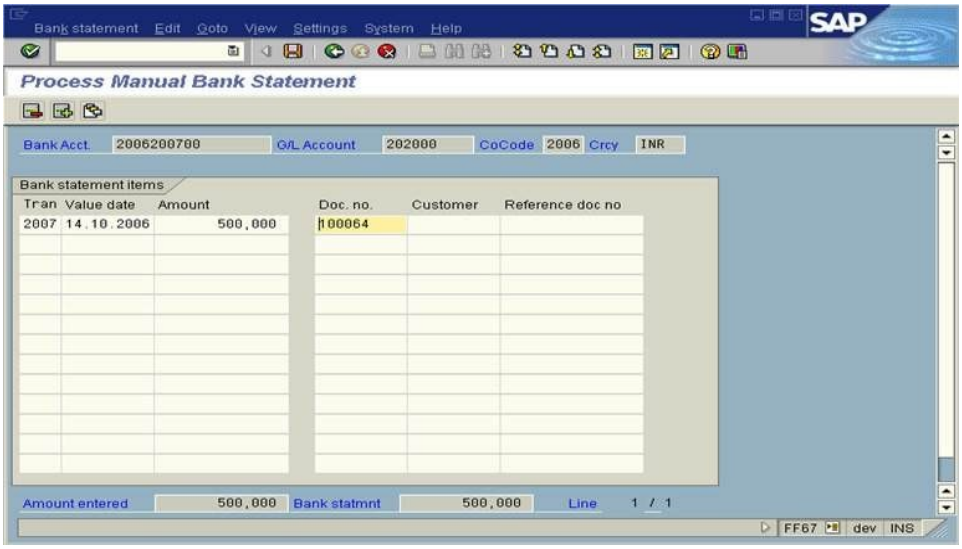
Main Bank account: there is no opening Balance:
Post the incoming payment in check deposit account: Rs.500000/-
Make the out going payment (GL payment) check issue account Rs.300000/

Processing of Manual Bank Statement: As soon as you receive the statement from the Bank, we have to process in respect of all the incoming payments and outgoing payment recorded in the statement. This is the End user activity: Manual Entry of Bank Statement: path:

accounting-financial accounting- banks-incomings-bank statement-FF67 manual entry.

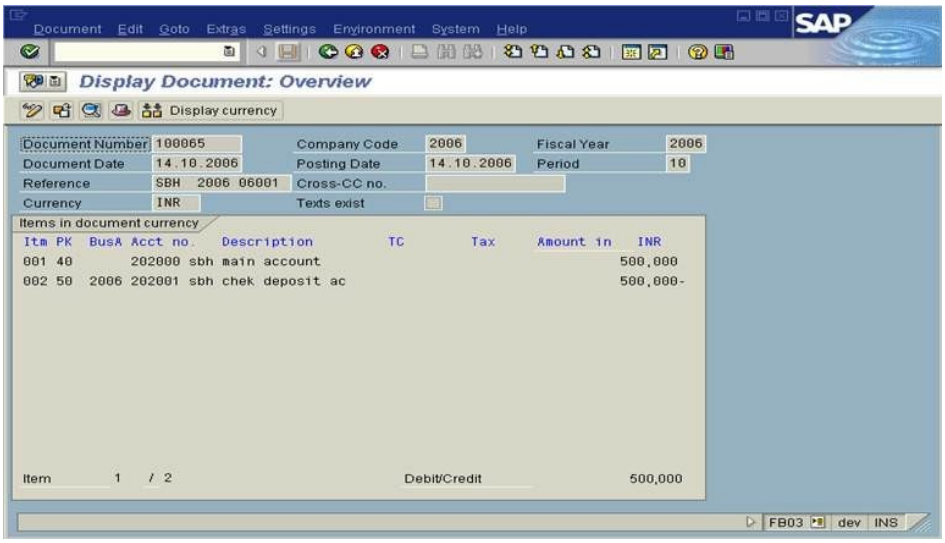


Give the bank key: and the Bank account number with the house bank (not the General ledger account)
Currency, statement number and the statement date
Give the statement opening balance and end balance (in our statement no opening balance closing balance is 500000.
Press enter
Give the details as under:


Bank statement Edit Goto View Settings System Help
SAP
Process Manual Bank Statement
Bank Acct. 2006200700 G/L Account 202000 CoCode 2006 Crcy INR
Bank statement items
Tran Value date Amount Doc. no. Customer Reference doc no
2007 14.10.2006 500,000 100064
Amount entered 500,000 Bank statmnt 500,000 Line 1 / 1
FF67 dev INS

The transaction number:2007 valuate date and amount.
Give the document number and save the data. System saves the list. To post the list go to menu

item bank statement>post>individual statement Systems give the report with no errors and post the amount to main account. Go and verify the balances in transaction code FS10N.



The entry will appears like as in the screen. We can process the bank statement any number of times during the day. Similarly process the out going checks also.

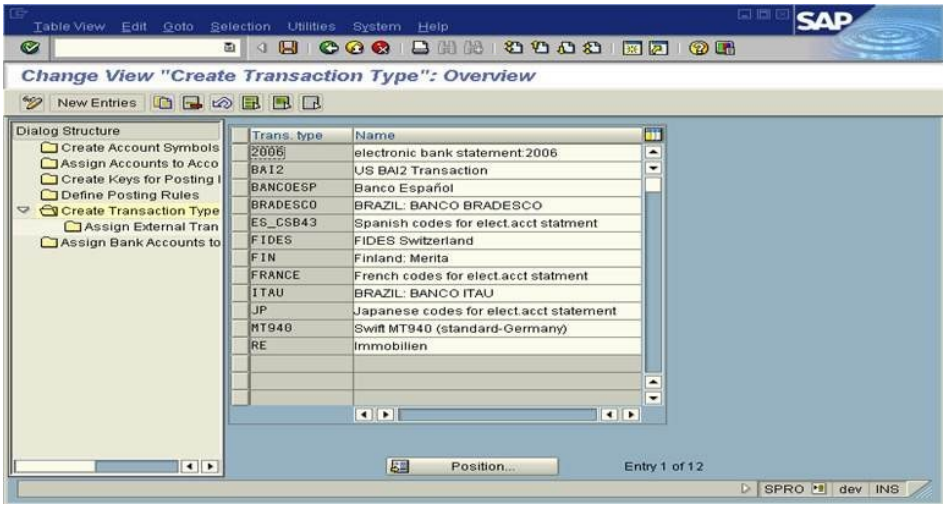
Electronic Bank statement: The other way of processing bank statement is electronically. This is the most prevalent method of bank reconciliation. Every organization is following this method only. In this method the electronic statement received from the Bank is to be processed with in the SAP environment. SAP supports the file the formats used by the banks. Generally most of the banks maintain the electronic format of BAI and BAI2 for their statement purposes. BAI2 format is more elaborative statement inclusive of deductions made in the invoices and other full details. BAI format is abridged format statement. The format used by the banks may vary from bank to bank. However, these are the main formats used in the banking industry.

The configuration steps are more or less similar to manual bank statement processing. In addition to the configurations made in the manual bank statement processing, we need to define the following activities to process the electronic statement processing:

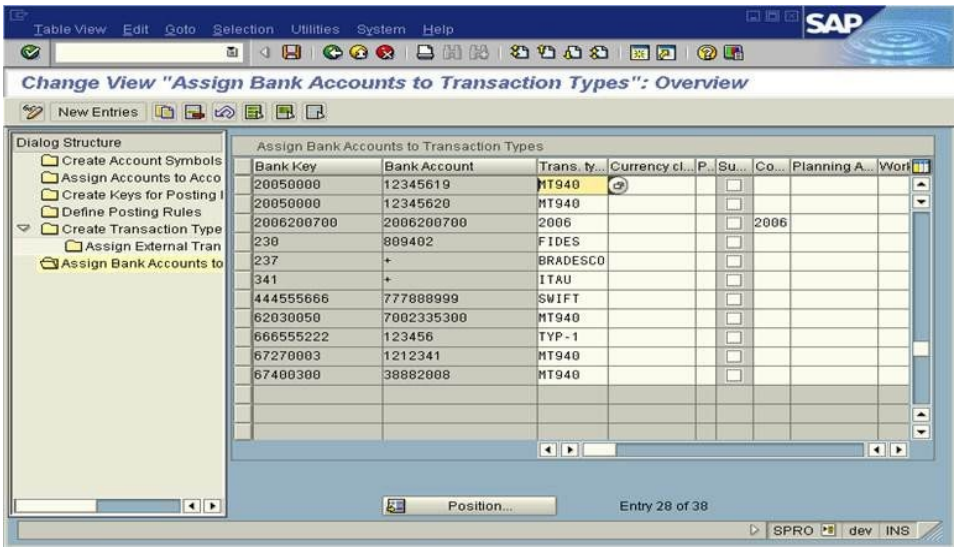
Define transaction types: financial accounting-bank accounting-business transactions-payment transactions-

electronic bank statement-make global settings for electronic statement:

Give chart of accounts: 2006
Double click on create transaction types
(All the above activities were performed during the configuration of manual bank statement processing)
Click on new entries button
Give the transaction type: 2006: the transaction type consolidates all external transaction types used by the house banks while formatting the electronic statement by the banks



Double click on the option Assign the transaction types to House bank accounts:
Click on new entries button



Give the house bank key and the house bank account main account number maintained with the house bank.
Give the transaction type and save the data.
Assign the external transaction types to posting rules: Before doing this configuration, ensure the above all configurations were completed. Then we can assign the external transaction types used by the bank, has to be assigned to the posting rules in SAP system. These external transaction types list will be supplied by the bank. (On request only).

Give the transaction type: 2006
Click on new entries button; give the details as under:

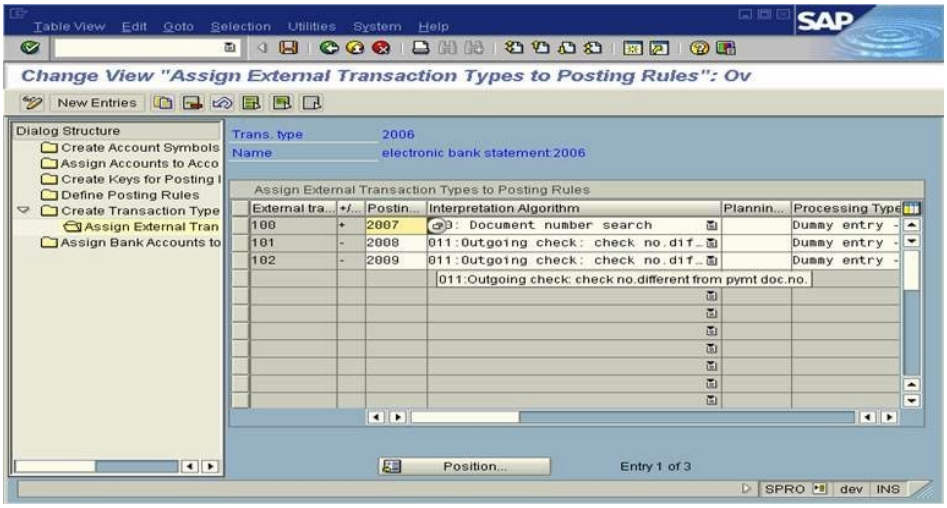


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign External Transaction Types to Posting Rules": Ov
New Entries
Dialog Structure
Create Account Symbols
Assign Accounts to Acco
Create Keys for Posting I
Define Posting Rules
Create Transaction Type
Assign External Tran
Assign Bank Accounts to
Trans. type 2006
Name electronic bank statement:2006
Assign External Transaction Types to Posting Rules
External tra... +/- Postin... Interpretation Algorithm Plannin... Processing Type
100 + 2007 D: Document number search Dummy entry
101 - 2008 011:Outgoing check: check no.dif... Dummy entry
102 - 2009 011:Outgoing check: check no.dif... Dummy entry
011:Outgoing check: check no.different from pymt doc.no.
Position...
Entry 1 of 3
SPRO dev INS

External transactions are supplied in the bank file format: give the transaction codes are used by the bank.

+/- sign: indicates whether the particular transaction increases the bank account balance or reduce the bank balances example: 100 external transaction increases the balance of the account.

Posting rule: posting rules were already defined for the purpose of statement processing. We need to map the posting rules to the similar external transactions. example; the posting rule 2007 is defined as to increase the bank balance for cash or check deposits with the 100 external transaction type (which is used by the bankers to increase the bank balance of the account). The transaction mapping is most important in activity in the electronic statement processing.

Interpretation algorithm is used to identify or search the

particular transactions. SAP has already defined so many algorithms we can use them

as per the requirement of the project. If the mapping of external transaction is completed, the configuration of electronic statement processing is completed. We can do the end user activities.

Import the external file:
Accounting-treasury- cash management-incomings-electronic bank statement-FF.5 import.
We need to import the file received from the bank in to our local file. Verify the details and confirm statement details.
Display of import file: FF.6
Post the transactions: the path is same: Transaction Code: FEBP.

Lock Box configuration: Business Process:
It is a pre agreed arrangement between the bank and its clientele. It is an additional service provided by the banks to speed up the collections of their customer. The company informs their customers about the lock box facilities with the house banks. The customers need not send their amounts directly to the company. They can drop their checks along with the payment advices in the lock boxes. **I can say lock box is an extended mode of drop box facility used in India. In India the drop box facilities are used to collect the credit card bills. New generation Banks in India are using the drop box facilities for their customers. After implementation of ERP in our Bank, we used to maintain these drop box facilities to speed up the collections. This facility is gaining momentum in Indian environment also. The full pledge functionality of the lock box is not following in India. The main difference between the drop box and the lockbox is the information to the clientele is mandatory in case of lock box, where as it is optional in former case. The lock boxes are maintained by the bank on behalf of the clientele. Where as the drop boxes are maintained on its own behalf of the bank.** The House Bank who maintains this lock box collects the checks and sends the daily statement along with the payment advices presented by the customers. The house bank may send the statement of details in any of their own format. Then company can up

load the data for auto up dation customer accounts and cash balance of the company. Basing on the data received from the bank the organization updates the information in their books.

The lock box system is familiar in USA only. The implementation in US prompts for configuration of lock boxes without fail. A company can maintain one or more lock boxes depending on their requirement. Lock

Box file formats are BAI or BAI2. The bank file format and SAP file format must be compatible with each other. Other wise with the help technical consultant we can change formats so as to make compatible to each other. Lock Box processing is the major integration between the accounts receivable and treasury module. In the lock box processing the system collects checks; post to respective general ledger accounts and clears the open items of the customer. The configuration of the lock box processing is as under.

Define Lock Boxes for House Banks:
Path: financial accounting-bank accounting- bank accounts-define lock boxes for house banks: OB10.

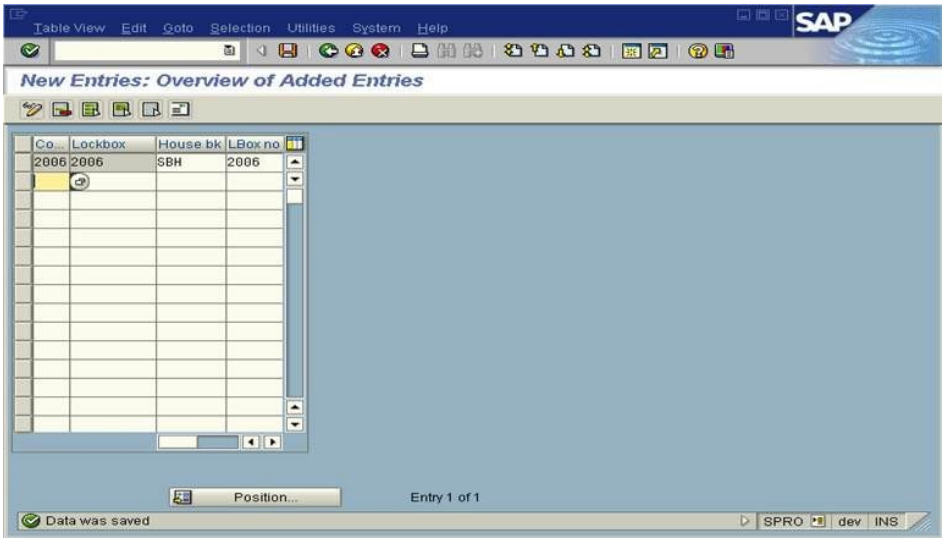


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Co... Lockbox House bk LBox no
2006 2006 SBH 2006
Position...
Entry 1 of 1
Data was saved
SPRO dev INS

Give the company code: 2006 give the lock box code: 2006 this code is to be assigned to the customer master records. Give the house Bank: sbh and the number mainted by the house bank for the lock box.
And save the data. System prompts for another screen for address details. Give the address of the company on behalf the lock box is being mainted. These address details is to be informed to the customers for their remittances;

Define control parameters: path: financial accounting-bank accounting- business transactions-payment transactions-lock box-define control parameters. TC: OBAY

Sap has already defined the control parameters used for the different formats
i.e. BAI and BAI2. You can use those parameters or click

on new entry button to create the new parameters for the project.

1. The processing procedure for lock box cash payment is : LOCKBOX it is defaulted by sap.

2. Record format: the present formats are BAI and BAI2 we can use any of the two.
3. Document length is to be defined for the format BAI only. Incase of BAI2 document length is not required.

Select the posting control check boxes as per the requirement. If any partial payments are there in the customer payments select the partial payment check box. And save the data.

The GL account type posting indicates how to post in the general ledger i.e. one line item per check or one line item for lock box(total amount)or one line item per batch. The screen appears as under.

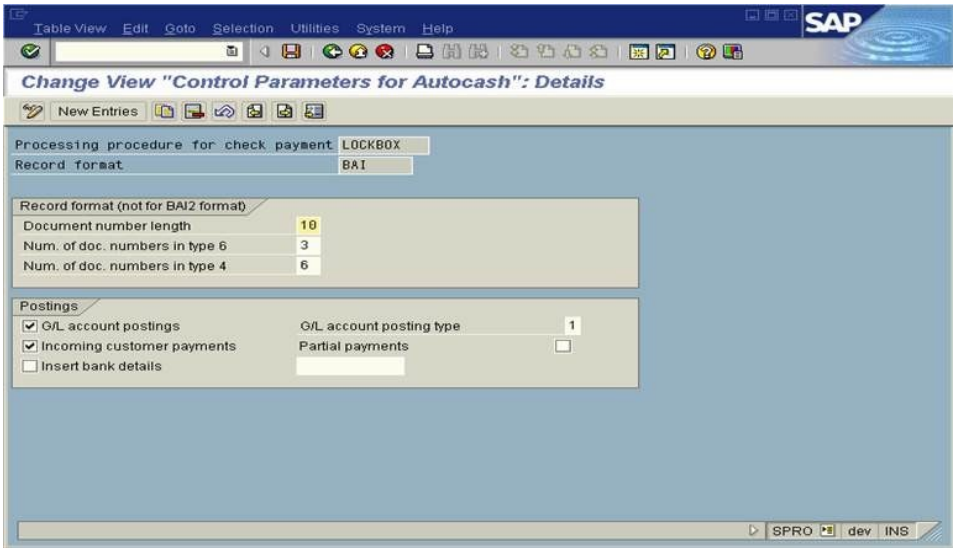
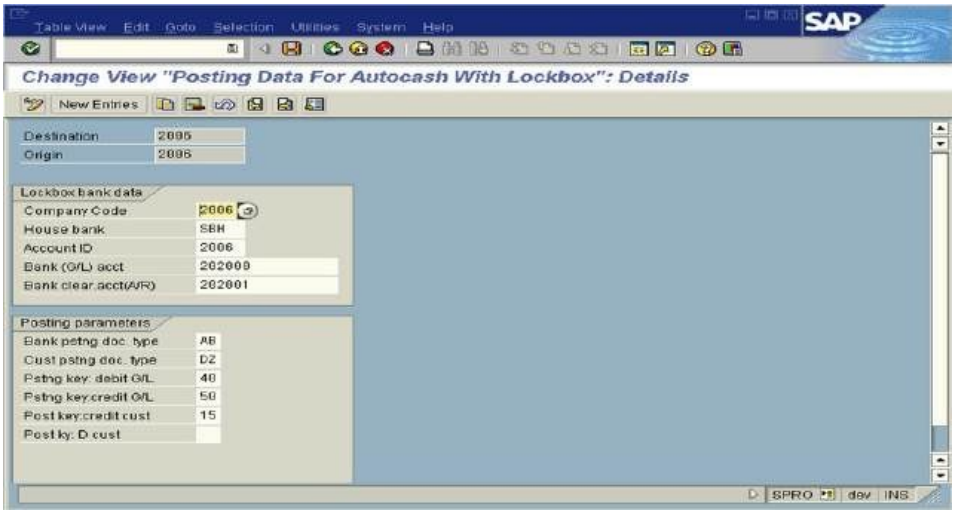


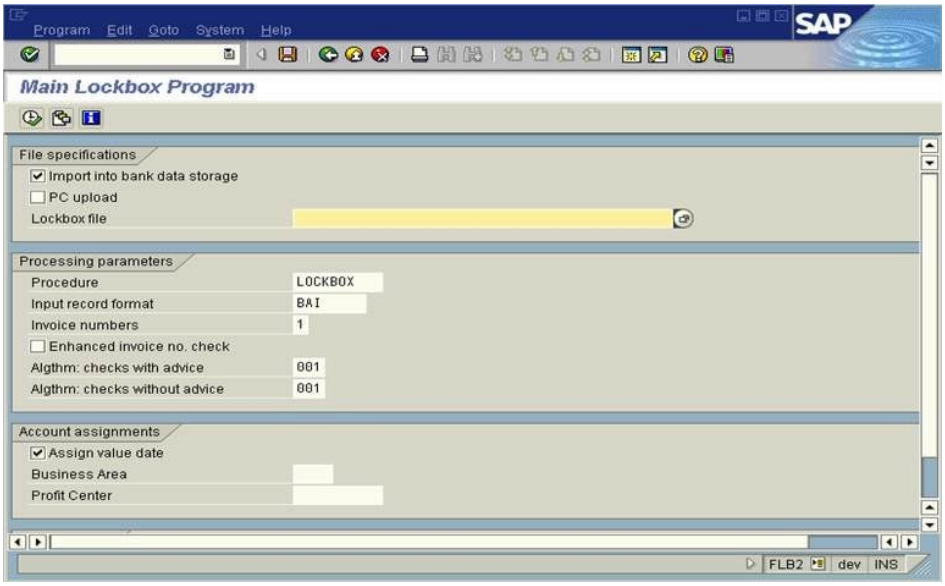
Table View Edit Goto Selection Utilities System Help
SAP
Change View "Control Parameters for Autocash": Details
New Entries
Processing procedure for check payment LOCKBOX
Record format BAI
Record format (not for BAI2 format)
Document number length 10
Num. of doc. numbers in type 6 3
Num. of doc. numbers in type 4 6
Postings
G/L account postings
G/L account posting type 1
Incoming customer payments
Partial payments
Insert bank details
SPRO dev INS

Define posting data: path is same as above: TC: OBAX.



Give the destination code given by the house bank for the lock box. The origin code is the lock box number maintained at the house bank. Give the account Id for the main bank account: 2006
Give the general ledger account number for main account: 202000 Give the check deposit clearing account number: 202001
Give the document types used in the processing of Lock box transactions. And save the data.

Import the file sent by the bank: accounting-treasury-cash management-incomings-lock box-FLB2 import:
Give the file name to be imported



And execute the programme.(the programme name is: RFEBLB00)

After import verify the details and post the lock box transactions to up date the accounts with in the company code.

Incorporate the lock box code in the customer master record: xd02

Company code data>payment transactions: lock box: 2006 and save the data.

To Post the LOCK BOX: path is same TC: FLBP
Give the details and execute the programme.

CHAPTER 4

Accounts Receivable

ACCOUNTS RECEIVABLES:

Define account group for customers with screen lay out (customers) Path: financial accounting-accounts receivable and payable-customer accounts-master data-preparations for creating master data-define account groups with screen layout: TC: OBD2.
Click on new entries button
Give 4 character code number account group: 200D
Give the description of the account group: customer account group:200D
Save the data

Double click on the general data

Double click on the sub group and set the field status of the fields as optional suppressed, required and as display. The general data is relating to the common information of the customer and also static information.

Double click on the company code data and again double click on the sub group set the field status of the fields you require for creating the master record. The company code data is differing from company code to company code.

- Basing on the selection of fields only the system prompts the fields while creating customer master record

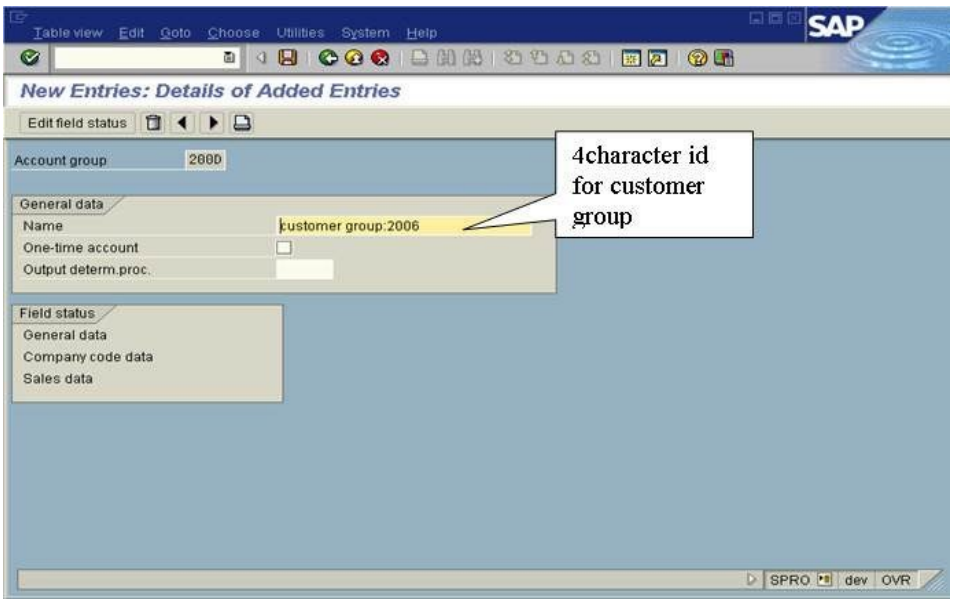


Figure 101

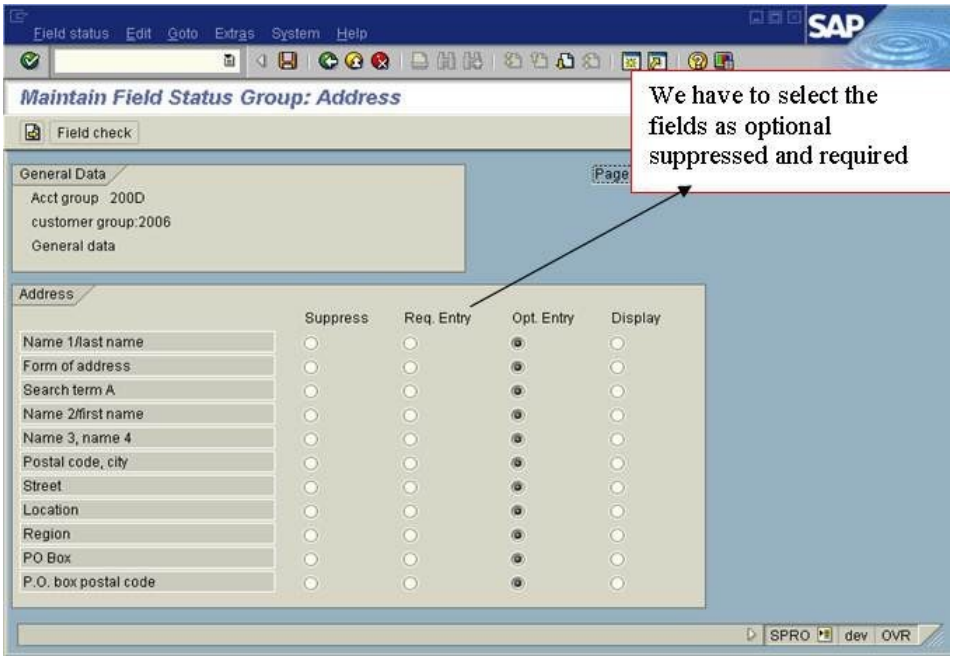


Figure 101a

Define screen lay out for company code: path is same:
This is the specific screen layout for the company code requirement. We can set this also if requested by the company for which we have taken up the configuration. In this step we can define or control the company code data of the master record only. We cannot set general data of the customer.

Define the screen lay out for activity wise also:
This is step where we can set field status of the customers basing on their activity i.e. if the customer belongs to accounting department exclusively we can define the general data as well as company code data relating to accounting department. Other wise if the customer opened at sales (modules) accordingly we can set the general data and company code data. If we define the field status of the customer the priority of the field status will be as under

the suppressed fields will have the first priority required fields have the next priority
Optional fields have the last priority.

Define the number range for customer account groups: Path: is same as above TC:

xdn1

Click on insert interval button,

Click on insert button, give the serial no. and number interval and insert and save the data

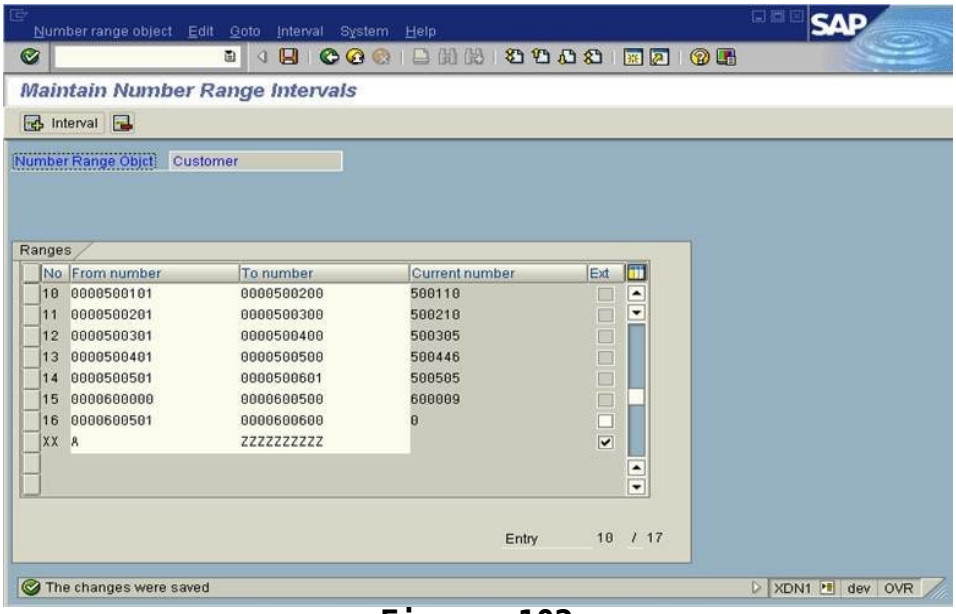


Figure 102

If you want the number assignment external select the external check box. Otherwise the system considers internal number assignment for the customer master record. This is also optional for the company for which you have taken up the configuration.

Our number range is 16 and interval is 600501 to 600600.

Assign number ranges for customer account groups: TC: OBAR.

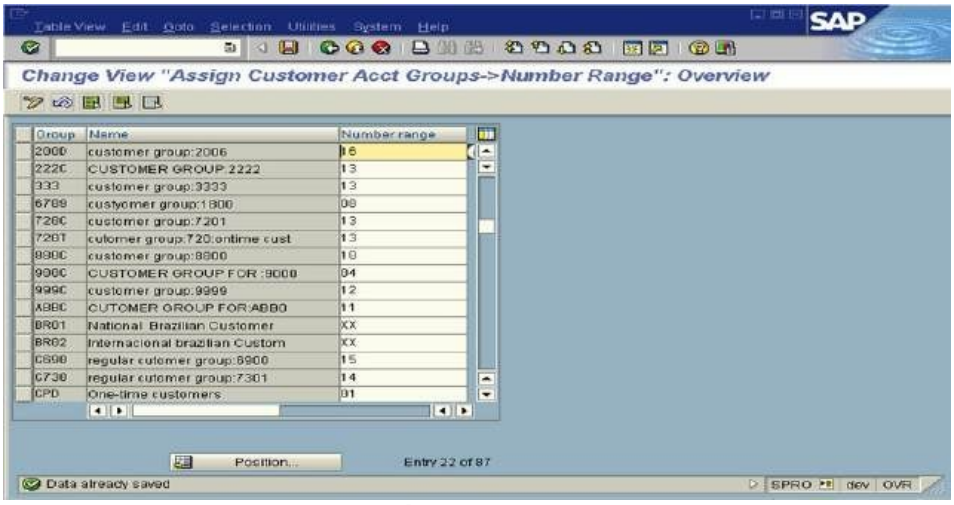


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign Customer Acct Groups->Number Range": Overview
Group Name Number range
2000 customer group:2006 16
2220 CUSTOMER GROUP 2222 13
333 customer group:3333 13
6789 custycmer group:1800 08
7200 customer group:7201 13
7201 cutomer group:720:ontime cust 13
8900 customer group:8800 10
9000 CUSTOMER GROUP FOR :9000 04
9999 customer group:9999 12
ABBC CUTOMER GROUP FOR:ABBO 11
BR01 National Brazilian Customer XX
BR02 Internacional brazilian Custom XX
C890 regular cutomer group:8900 15
C730 regular cutomer group:7301 14
CPD One-time customers 01
Position...
Entry 22 of 87
Data already saved
SPRO dev OVR

Figure 103

We have to assign the number range to customer account groups. The customer groups and number ranges are defined at client level. We can use the customer account groups for our requirement and assign the existing number range for the account groups also. Save the data.

Define industries: path is same as above: OB44
With a view to evaluate the customer accounts we can defines the industry groups for which the customer belongs. The main purpose of this is for evaluation only.

Define the accounts receivable pledging indicator: path is same: TC

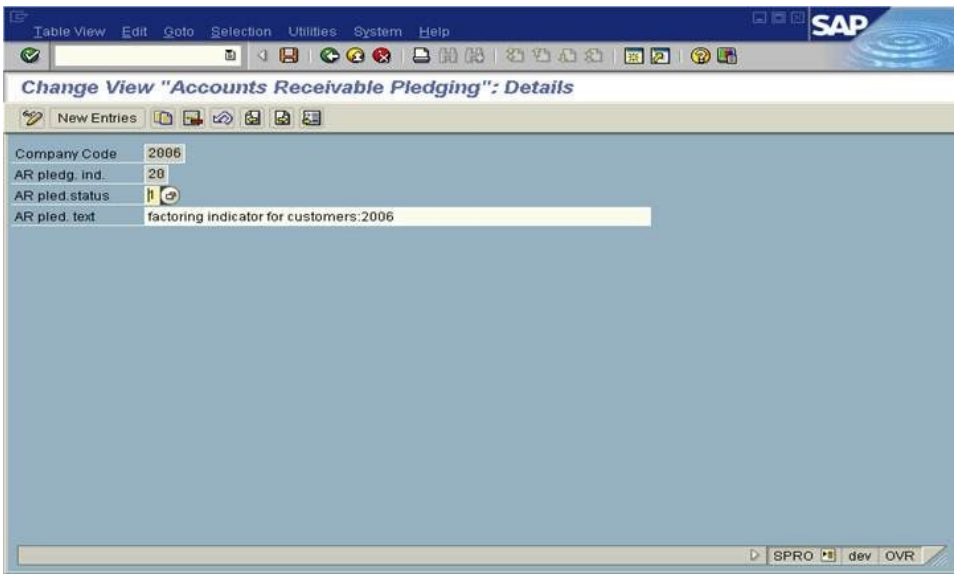


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Accounts Receivable Pledging": Details
New Entries
Company Code 2006
AR pledg. ind. 20
AR pled.status
AR pled. text factoring indicator for customers:2006
SPRO dev OVR

Figure 104

Delete the customer master data:
We can delete the customer master data if there is no transactional data in the account. If the transactional data is there the system does not permit to delete the data. Hence we have to delete the transactional data first and delete the master data latter on.

Path: financial accounting-accounts receivables and accounts payable- customer accounts-master data-delete master data TC: OBR2

Give the required details and deselect the test run check box and execute. Automatically the accounts will be deleted.

Define the period type for the customers: path:upto

master data-is same as above and click on line items- correspondence-define the period type for the customers:

If you want to submit the account statement for the customer at predetermined time intervals we can set the periodicity of the account statement and the same to be added in the master record of the customer master

Give the periodicity of the account statement

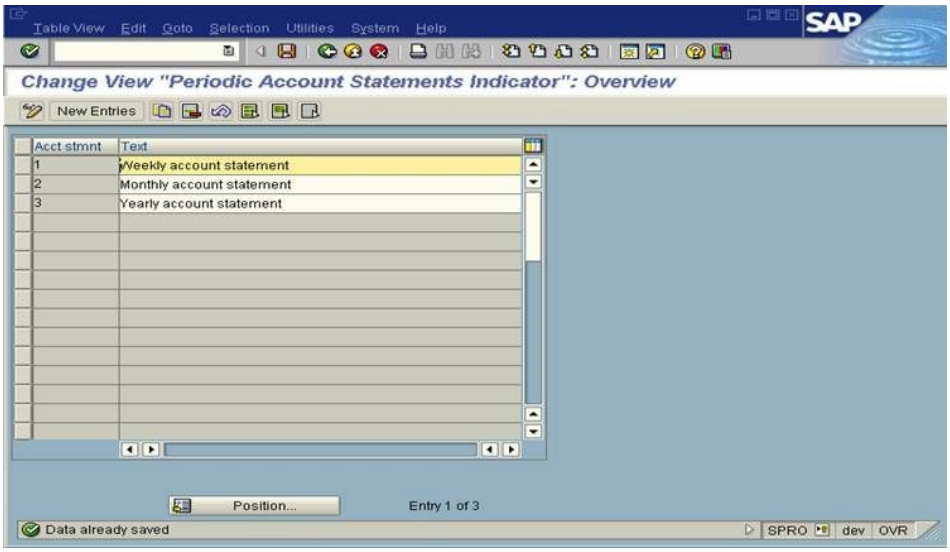


Figure 105

and description of the statement and save the data. the system automatically prints account statement as per the interval what we have set in the master data.

Define the work list for display of balances:
This functionality is useful for display of balances of all the customers with single format. In real time it is more important functionality for the company end users.

Define customer master record: accounting-financial accounting- accounts receivable-master records-fd01-create:

> **Give the customer account group: description: customer group:2006 give company code:2006 and continue give the title of the company: company or Mr and Mrs. Give the name of the company: wipro technologies Give the name of the country: IN**

Click on company code data button on the application tool bar Give the reconciliation account number: accounts receivable account Give the sort key: 012

Give the cash management

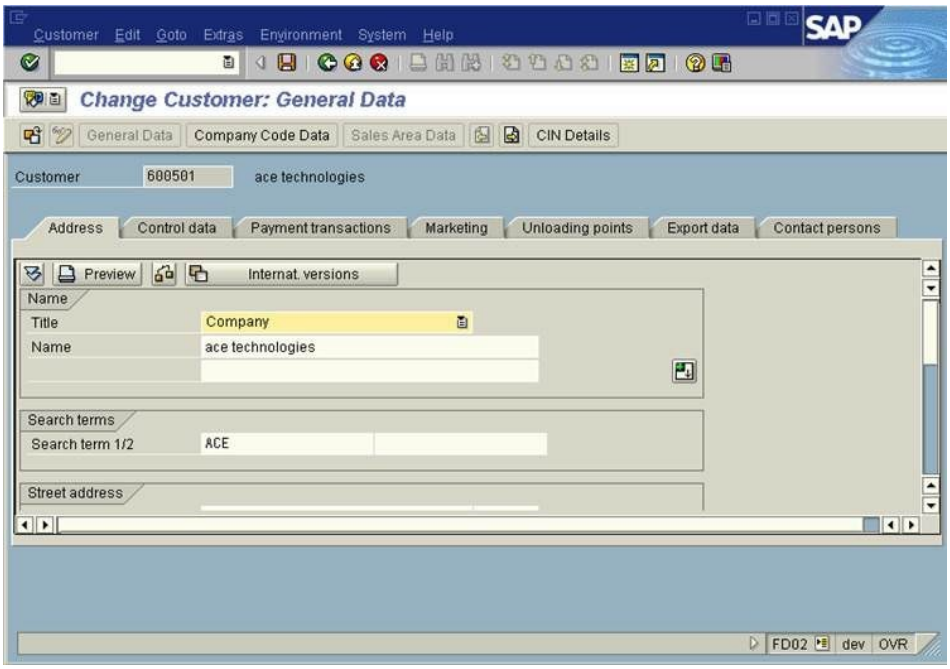


Figure 106

group: A1.and other details if required. The screens will appear as above. If you want to make any changes to the master record the transaction code : FD02: display master record transaction code :FD03 block or unblock the customer master record:FD05 display changes made to customer master record:FD04

Note: in the master record: we can give important details under the Marketing tab page:

1. ***Industry wise report***
2. ***Customer volume wise report or customer class wise.***
3. ***We can maintain the key figures like sales of the previous figures for comparison purposes.***

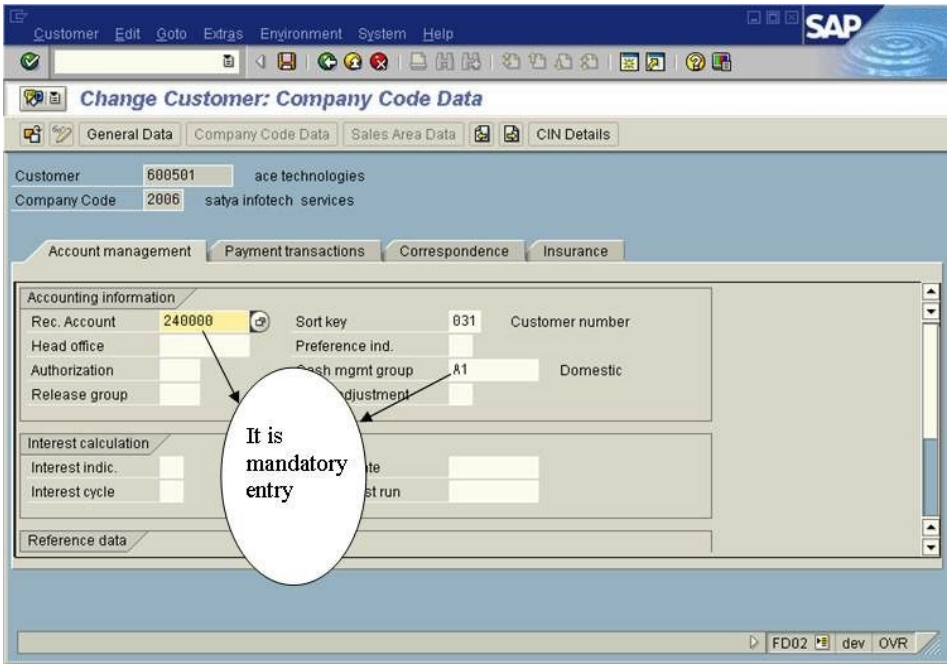


Figure 107

Business process:
Satya info tech making sales to ace technologies. The customer wanted to make the payment individually for each invoice. Satya info tech wanted you configure the same for this customer exclusively (to receive the payments individually).

Sap process:
While creating the customer master records, we can set this condition by selecting the check box ?single payment. Accordingly while running the automatic payment programmes for incoming payment the system makes the incoming payment individually for each open item.

(if you don't set this in the master record, while customizing app we can set it. But it will applicable to all customers uniformly without specific customer. Hence it is better to configure in the master record.

Business process:
Satya info tech wanted to maintain the classification of customers as per the volume of sales. How it possible in sap? And further the company wanted to maintain the last year turn over of customer as readily available. How you

will customize this process request?

Sap process:
Yes, it is possible in sap soft wear to customize the above business process. While defining the master record for a customer we can give the last year figures (key figures) like volume, currency, fiscal year. Besides the above we can give fiscal year variant also in the master record. However, these details are useful for the purpose of evaluation only. Apart from that, we can classify the customer basing on the volume of the sales made to him by defining the Customer class in the Master Record.

2.We can customize the customer master records, basing on their business and type of industries also by defining the same in the master records. These are useful for internal evaluations only.

Define the number range for document types for customers:

Path:fa-fags-document-document header-define document types: OBA7. Select the document type DR click on number range information click on insert interval button, give the number object (in the document type) and give the number range interval for the number object. (If you want to maintain the number ranges for externally select the external check box otherwise leave blank for internal number ranges.) save the data. Repeat the same process for all document types like DA DZ DG also.

Note: Tolerances for vendors/customers were already set while dealing with the accounts payable concept. Hence it is not at all required again to set up here.

SALE PROCESS FLOW:
ENQUIRY>PURCAHSE ORDER>DOWN PAYMENT REQUEST>DOWN PAYMENT>SALES ORDER CUM INVOICE (OUTGOING INVOICE)> GOODS DELIVERY>BILLING OF DOCUMENT> ACCOUNTS RECEIVABLE>INCOMING PAYMENT.

END USER ACTIVITIES: posting of outgoing invoice: accounting- financial accounting-accounts receivable-document entry- f-22 incoming invoice.

Give the header data
Give the customer account number:XXXXXX

Give the line items details. Simulate and post the transaction.

Posting of invoice in enjoy screen: FB70 Posting of credit memos: FB75 or F-27 Receipt of incoming payment: F-28

Posting of multiple incoming payments in one screen: F-26 Display of document: FB03.

Change of document: FB02
Display of customer balances:
Fd10n Display of customer line
items: FBL5N Customer analysis:
FD11.

Receipt of incoming payment through assignment mode:
Accounting-financial accounting-accounts receivables-account-assignment- FB15 assign/clear opens items.

Give the customer number
Give the company code and execute

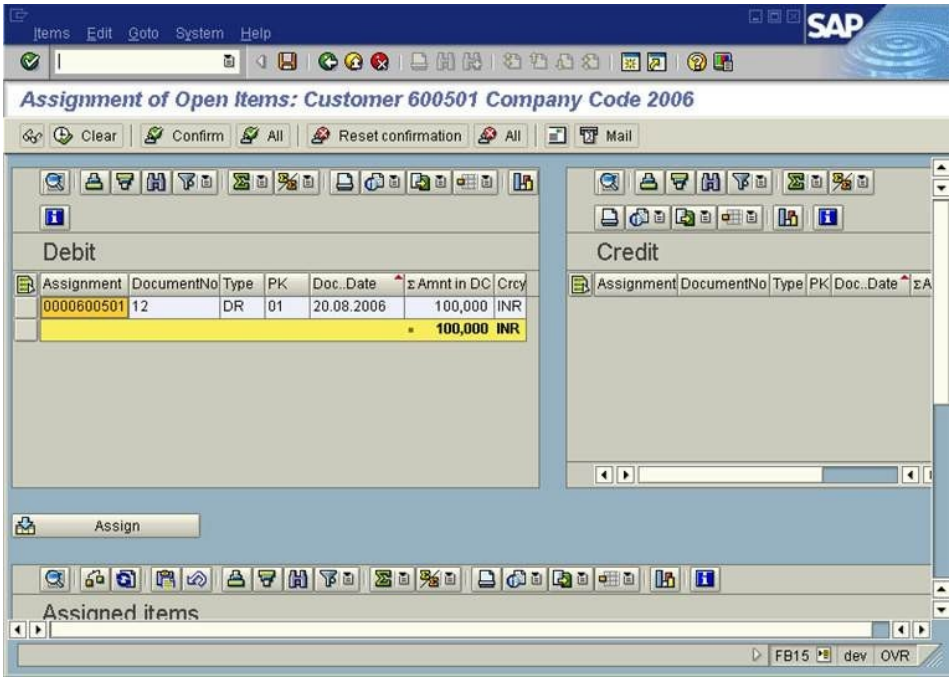


Figure 108

System shows all open items in debit column;

Select the invoice to make the payment and click on assign button; then the entry will be placed in assigned items(below); select the assigned item and confirm the assignment by selecting the confirm button; after that select the confirmed assigned item and click on clear item it will takes the new screen of clearing function. Click on charge off button give the posting key 40 and bank account number<enter> give the * button in amount column and text to document <simulate> and post. The system clears the open items.

DOWN PAYMENTS RECEIVED:

Down payments are called as special general ledger transactions in sap environment. To customize these down payments, we need to use the special general ledger indicators. Sap has already defined the spl.gl.indicators. We can use them.

Pre requisites to configure: 1. Down payments received account (as liability and Reconciliation ac)

Path: financial accounting-accounts receivables and accounts payable and business transactions-down payments received-define alternative reconciliation account for down payments received. TC: OBXR

Double click on D and Z combination of down payments Give chart of accounts: 2006 Give reconciliation account: accounts receivable account Give spl.gl. Account: down payments received account Save the screen appears as under:

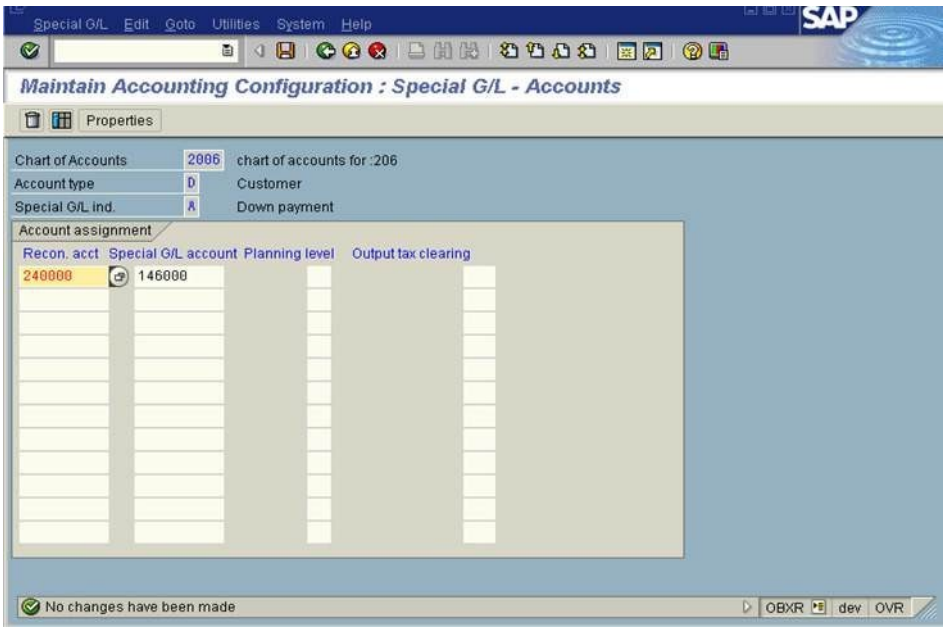

Special G/L Edit Goto Utilities System Help
SAP
Maintain Accounting Configuration : Special G/L - Accounts
Properties
Chart of Accounts 2006 chart of accounts for :206
Account type D Customer
Special G/L ind. A Down payment
Account assignment
Recon. acct Special G/L account Planning level Output tax clearing
240000 146000
No changes have been made
OBXR dev OVR

Figure 109

Configuration of down payment request: same path: Double click on D and F combination down payment request Give the reconciliation account: accounts receivable account Give the special GL account: down payment received account Save the data

End User Activities: down payment request: accounting-financial accounting-accounts receivable-document entry-down payments-down payment request.

Posting of down payment request in F-37 request
Give the header data and customer
account no: 600501 Give the target spl.gl.
Indicator: A<press enter>
Give the amount and due date and post the entry. It will post with the original document.

Note :

1. ***Down payment request is called in sap as noted items.***
2. ***Down payment request is posted as single side entry in customer account only with special GL indicator***
3. ***The down payment request can be converted into actual down payment or else we can reverse the entry by reversal option.***

DOWN PAYMENTS: 1. we can convert the down payment requests into actual down payments or otherwise also we can directly create the down payments received.

Path: is same as above. The

TC: F-29. Give the header data
Give customer account number: 600501 give special gl indicator: A
Give bank account number and amount and text<press enter>
Save. If you want to convert the down payment request into down payments (absolute) give the header data and customer details and bank details click on Request button select the down payment request line item check box and click on create down payments and save the data

Note: noted item will be cleared and spl gl. Item will be shown as open item.

Post the incoming invoice in transaction code: f-22
Clear the down payment to the invoice posted: path: same as above: TC: f-39 Give the header data
Customer account details
Click on process down payments button
Double click on transfer posting column (for total down payment will be adjusted) otherwise give the amount of

down payment to be adjusted to this particular invoice:<simulate> and post.

Note: open item invoices can be cleared by posting of down payment and also credit memos.

Receipt of incoming payment: path: same as above: TC: f-28. Automatic payment programme can also be run for incoming payments. For which we have to define the payment method for country as well as payment method for company code level for incoming payments. Besides that we have to define the ranking order for the house bank and account and for incoming payment method. The payment method has to be assigned in the customer master record.

We can select the additional selection criteria from the free selections, accordingly the system run the automatic payment programme.

BILL OF EXCHANGE TRANSACTIONS:
This is one of the familiar modes of payment method in business transactions. In these transactions generally two persons are involved. One is drawer. Who draws the bill of exchange or who affect the sales and other one is the person who accepts bill is called drawee, who makes the purchases.

Bill of exchanges is two types.1demand bill of exchanges and 2.usance bill of exchanges. Demand bill of exchanges means payable on demand where as the usance of bill of exchange means payable after some due date in future.

Process of bill of exchanges:

Sales>prepare bill of exchange>acceptance of bill of exchange> retaining the bill of exchange till due date or discount with bank to improve the liquidity> honor or dishonor the bill of exchange on due date.

Prerequisite to configure the bill of exchange transactions:
1. Bill of exchanges receivable account (asset and reconciliation account)
2. Bank bill discounting account (as liability and clearing account)
3. Bank account.
4. Bank charges account Process of configuration of bill of exchange transaction:

Define alternative reconciliation account for bill of exchange transactions. Path:

Financial accounting>bank accounting>business transactions>bill of exchange transactions>bill of exchange receivable> define alternative reconciliation account for bill of exchange transactions: TC: OBYN

Double click on D and W combination of bill of exchange receivable

Give chart of accounts: 2006
Give the reconciliation account: accounts payable and special gl account: bill of exchange receivable account.

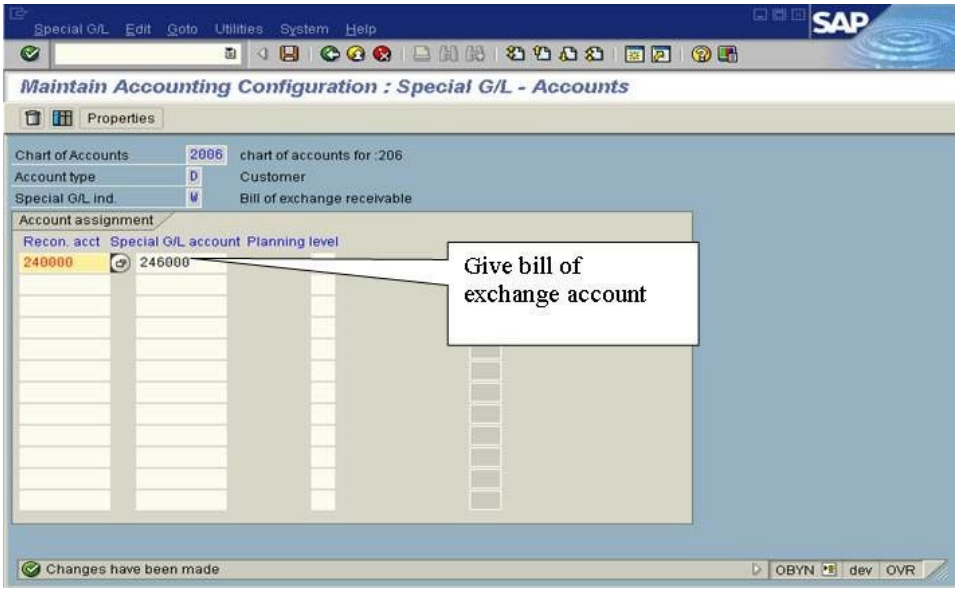

Special G/L Edit Goto Utilities System Help
SAP
Maintain Accounting Configuration : Special G/L - Accounts
Properties
Chart of Accounts 2006 chart of accounts for :206
Account type D Customer
Special G/L ind. W Bill of exchange receivable
Account assignment
Recon. acct Special G/L account Planning level
240000 246000
Give bill of exchange account
Changes have been made
OBYN dev OVR

Figure 110

Automatic determination of bank charges for discounting bill of exchange: Path: determine accounts for bill of exchange transactions: TC: OBYH Double click on transaction key BDS
Give chart of accounts: 2006
Give bank charges account: 407000 save.

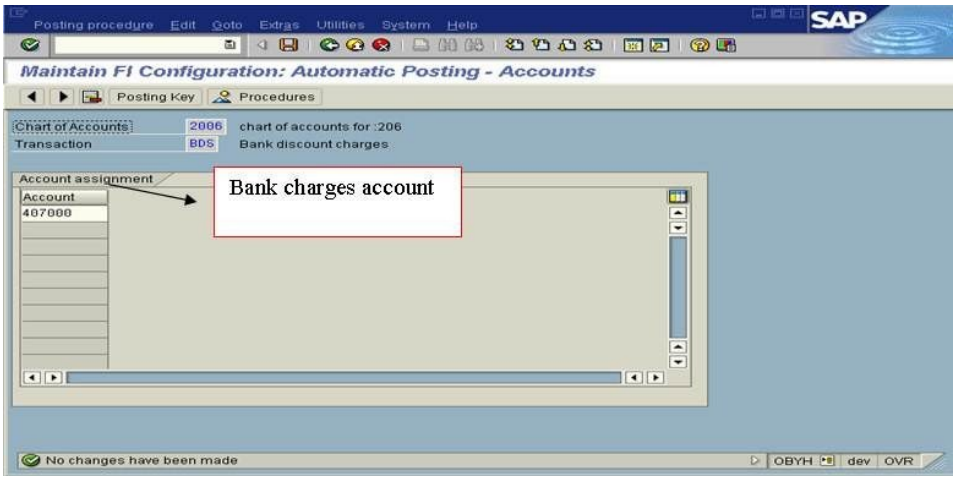

Posting procedure Edit Goto Extras Utilities System Help
SAP
Maintain FI Configuration: Automatic Posting - Accounts
Posting Key Procedures
Chart of Accounts 2006 chart of accounts for :206
Transaction BDS Bank discount charges
Account assignment
Account
407000
Bank charges account
No changes have been made
OBYH dev OVR

Figure 111

Define bank sub accounts (discounting of bill with bank) TC: OBYK

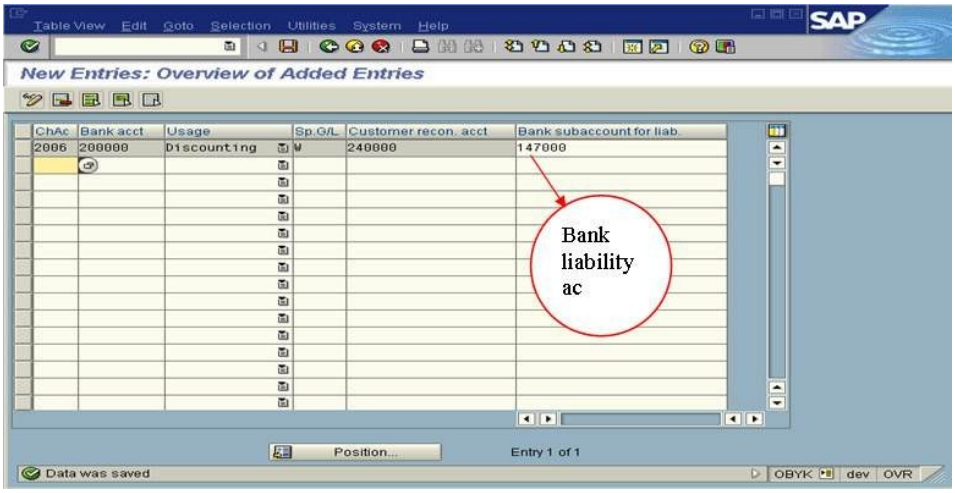


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
ChAc Bank acct Usage Sp.G/L Customer recon. acct Bank subaccount for liab.
2006 200000 Discounting W 240000 147000
Bank liability ac
Position...
Entry 1 of 1
Data was saved
OBYK dev OVR

Figure 112

Select new entries button Give chart of accounts

Give bank account specify the usage as: discounting: sp.gl W customer recon. Ac: recon. Ac and bank sub account for liab: bank bill discounting account. The details appear as in the screen.

End user activities:

1. Ppost the outgoing invoice in f-22
2. Receipt of bill of exchange: path: accounting-financial accounting- accounts receivable-document entry-bill of exchange-f-36 payment: Give the header data Select incoming payment Give customer account number Ensure special gl indicator: W <enter> Give bill of exchange amount and text Give other details as due date issue date planned usage as discounting Click on open items button Give account number and again click on process open items button Select the invoice and simulate and post.

Discounting of bill of exchange with the house bank:

Path: accounting-financial accounting-accounts receivable-document entry- bill of exchange-f-33

discount of bill of exchange

Give the header data

Give the bank account number and value date Give the amount to be credited into bank ac Give the charges if any
Select bill of exchange button and give the bill of exchange document number
Again select bill of exchange button
A message will be displayed on status bar and save the transaction Go and verify the accounts

On due date if the customer makes the payment reverse the contingent liability in transaction code F-20

For collection of bill of exchange also follow the procedure:

1. Define accounts for bank charges account for collections the transaction key: BIK
2. Rest of the things is same as the discount procedure and post the collection of bill of exchanges inF-34
3. Once the bill is collected from reverse the contingent liability f-20.

BILL OF EXCHANGE REQUEST CONFIGURATION:
Define the accounts for bill of exchange request: path: financial accounting- bank accounting-business transactions-bill of exchange transactions-bill of exchange receivables- defines accounts for bill of exchange transactions. TC: OBYN

Double click on D and R combination of Bill of Exchange request Give chart of accounts:2006
Give customer reconciliation account: accounts receivables ac
Give special general ledger account: bill of exchange receivables account Save the transactions.

Enter the bill of exchange request in easy access screen: TC: FBW1.
Give the header data
Give Bill of Exchange amount and due date and other details.

Post the invoice transaction in F-22

Convert the bill of exchange payment request into bill of exchange payment
Give the header data details

Give the bill of exchange special gl indicator
Give the bill of exchange request document number

Press enter and give the amount and verify the other details
Click on process open item button and give the customer account number and click on again process open item button simulate and save it
Verify the accounts

Interest calculation on open items: business process:
The company used to charge the customers 12%int on the open items with over due and payments made after over due. Please configure the requirement in sap environment.
Sap configuration of interest calculation: refer earlier chapter of interest on gl balances:

1. Define interest calculation types:

Path: financial accounting-accounts receivable and payables-business transactions-interest calculations-interest calculation global settings-defines interest calculation types.

Click on new entries button

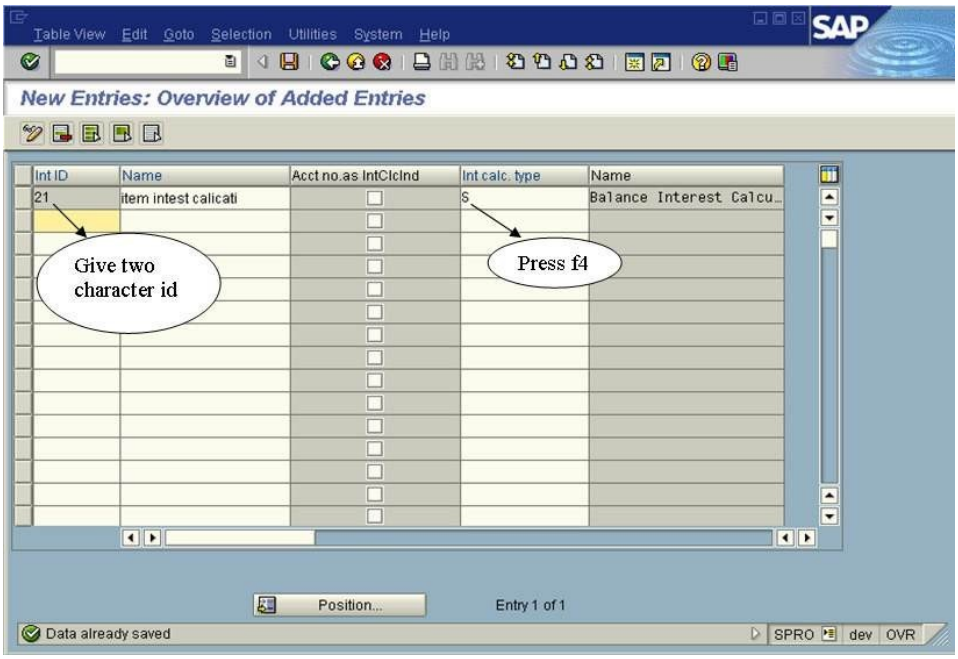


Figure 112

Give two character id for interest indicator give description and interest calculation type S

Define the number ranges for interest forms: same path:

Give company code: 2006 click on change interval button click on insert interval button give number range and interval and click on insert button and save the activity

Prepare interest calculation on arrears :(general settings for interest calculation)
Path is same: transaction code: OB82 Click on new entries button
Give interest indicator

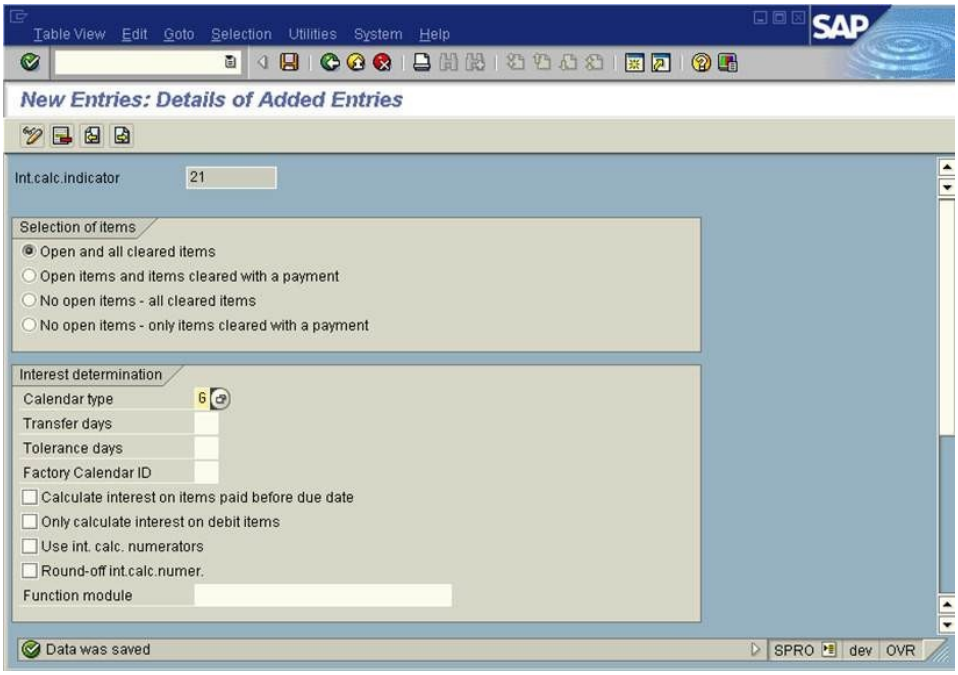


Figure 113

Select the items as required:
Open items and cleared items: all open items and cleared items after due date including credit memos and down payment offsetting entries and other related items also.
Open items and items cleared with payment: the system calculates the interest on open items and the cleared items with payment only (not by any credit memos and down payments)
No open items with all cleared items: system calculates interest on cleared items (all types) only
No open items with all cleared with payment items only (only payment) Give the calendar type
Give transfer days and tolerance days also if required,

Calculate interest on items paid before due date:
Means any payments made before due date; the system calculates the interest on such items if you select this check box.
You can give the payment terms also for calculation of interest if required Give the number range (what you have created for this purpose) i.e.I2 Save the data

Define Time based Terms: path: up to interest calculation is same >interest calculation>define time based terms: TC:OB81

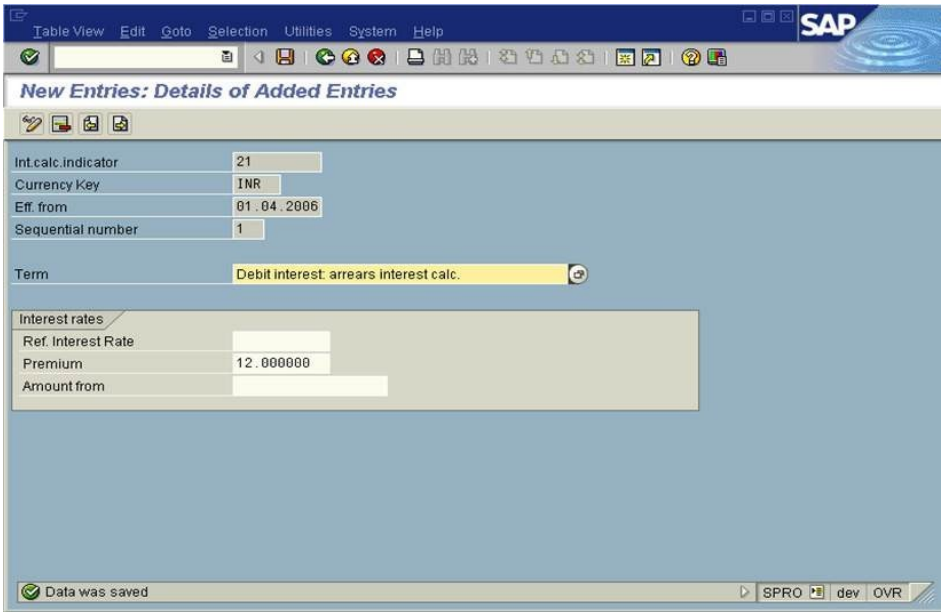


Figure 114

Give the interest indicator: 21 Give the currency: inr
Give the wef: 010406
Give the sequential number: 01
Give the terms: debit interest: arrears interest Give the interest directly in premium column:
Save
Like the way create for credit interest: arrears interest cal also Give sequential number :02
Interest Posting: path: up to interest calculation is same >interest posting>AR calculation of interest on arrears TC:OBV1
Click on accounts button Give chart of

accounts
184

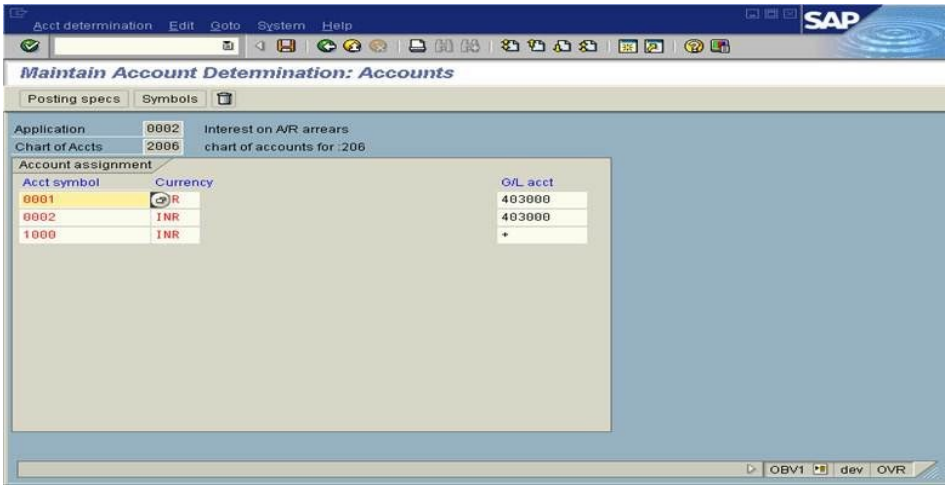


Figure 115

give account symbol :0001 currency inr Gl account no:403000 give account symbol:0002 currency inr GL account no:403000 give account symbol 1000 currency inr Gl account no:+(masking) go to men item go to>posting specs>
click on create button give business transaction 1000 company code+ interest indicator:21 business area+ and continue
give postingkey:01 (customer debit) give account symbol:1000(customer) give posting key:50(gl credit)
give account symbol:0001(interest received) save
Assign forms for interest indicator: OB84. Path :same>print>

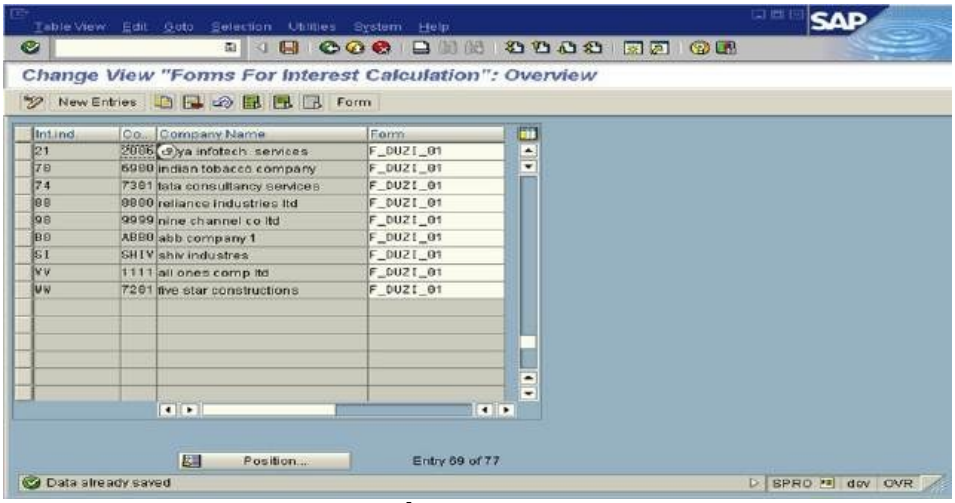


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Forms For Interest Calculation": Overview
New Entries
Form
Int.ind
Co..
Company Name
Form
21 2006 ya infotech services F_DUZI_01
78 6980 indian tobacco company F_DUZI_01
74 7381 tata consultancy services F_DUZI_01
88 8800 reliance industries ltd F_DUZI_01
98 9999 nine channel co ltd F_DUZI_01
BB ABBB abb company 1 F_DUZI_01
SI SHIV shiv industres F_DUZI_01
VV 1111 all ones comp ltd F_DUZI_01
WW 7201 five star constructions F_DUZI_01
Position...
Entry 69 of 77
Data already saved
SPRO dev OVR

Figure 116

Select any one select copy as function
Give interest indicator and company code
and save. Form name for the interest
indicator is: as above.
Note: incorporate the interest indicator in customer master record: FD02

EXECUTION OF INTEREST ON CUSTOMER BALANCES:
PATH: accounting-financial accounting-accounts receivables-periodic processing-interest calculations-arrears interest-free seletions-F-24 free selections

Give the customer
number Give the
company code Give
the settlement
period Give the form
name
Select the print form
check box Give the printer
name
Select print account overview
check box Give the printer name
Execute
To post the interest to the customer account:

Select post interest settlement check
box and Update the master record
check box and execute.

A session will be created as RFDUZI00 and execute the session in SM35 Or menu item system>services>batch input sessions> select the session click on process button select display errors only button again click on process button; you will get session overview button and verify the document of interest posting.

Note: if the interest is not posted go and verify the customizations.

Calculate the interest on down payments and other special gl transactions:
Generally in real time we used to calculate the interest on down payments and sometimes delay in payment of bill of exchange transactions also. For this purpose we have to configure the alternative interest indicator. Because these transactions are to be considered as Balances in General

Ledger account; accordingly the system applies balances interest calculation.

Path: Prepare interest calculation on special general ledger accounts: financial accounting-accounts receivable and accounts payable>business transactions>interest calculations>interest indicator global settings>prepare interest calculation on special genera ledger accounts: **TC: OBAB**

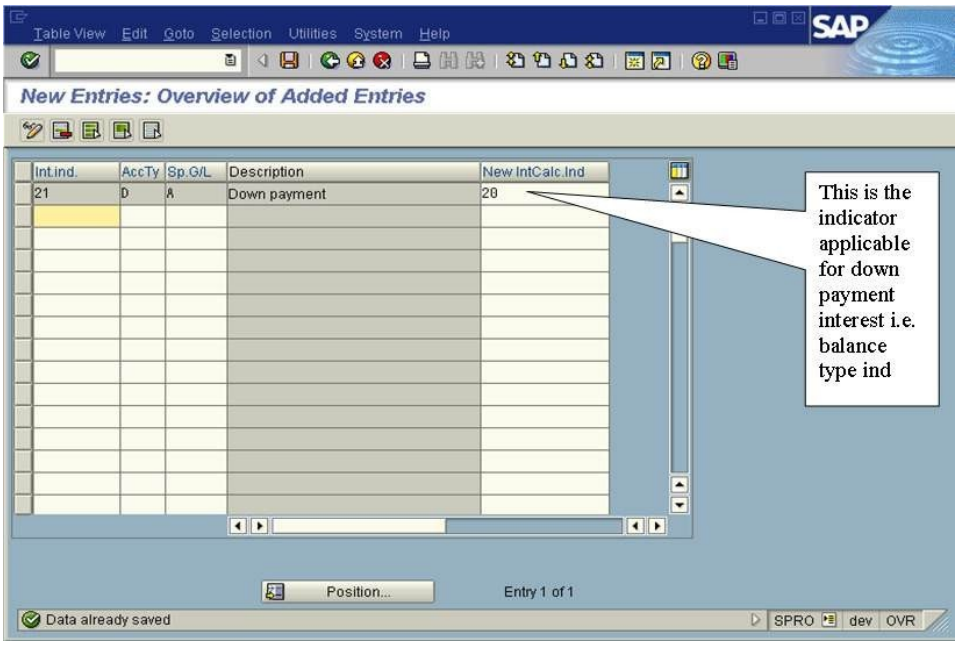


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Int.ind. AccTy Sp.G/L Description New IntCalc.Ind
21 D A Down payment 20
This is the indicator applicable for down payment interest i.e. balance type ind
Position...
Entry 1 of 1
Data already saved
SPRO dev OVR

Figure 117

Give the interest indicator Give the account type
Give the special GL indictor
Give the alternative interest indicator you want to apply the interest on spl GL accounts.
Save the entries.

Maintain withholding tax code for interest payments: path: same as above

Give country code
Give the withholding tax type Give valid date
Give tax code for interest Save the transaction.

DUNNING:

Dunning is the functionality in sap to serve the notice to the customers, vendors, and special general ledger transactions also, which are overdue for the payment. Dunning means to remind or to give notice for payment of due items. It is regular activities to serve the notice to customers for their overdue amount. To customize we have to follow the following procedure.

DEFINE DUNNING PROCEDURE

Path: financial accounting>accounts receivables and accounts payables>business transactions>dunning>define dunning procedure: TC: FBMP

Click on new procedure

Give the 4 character name of the dunning procedure: and description of the dunning procedure:

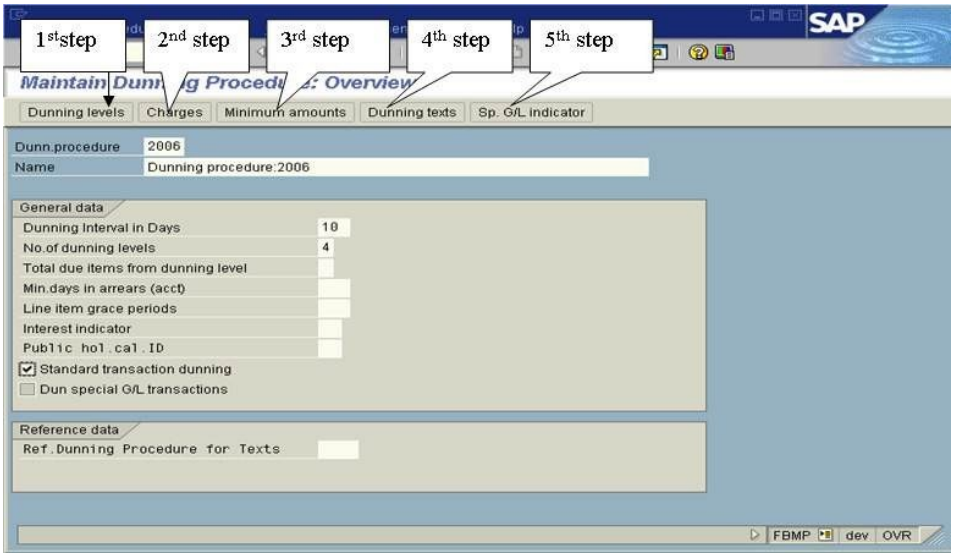


Figure 118

Dunning interval in days: this is time interval between two notices

No. of dunning levels: it specifies the number of notices to be served on to the customer

Total due items from dunning level: this is the level from which all the due items will be totaled and specify the total amount

Minimum days in arrears (acct): if you specify any days here in this column the system will dun this account if any one of due item due by the days mentioned in this column. Otherwise the system will not issue notice though the due items are there in the account.

We can allow the grace period for the line items column We can set the interest indicator for the account

Click on dunning level button

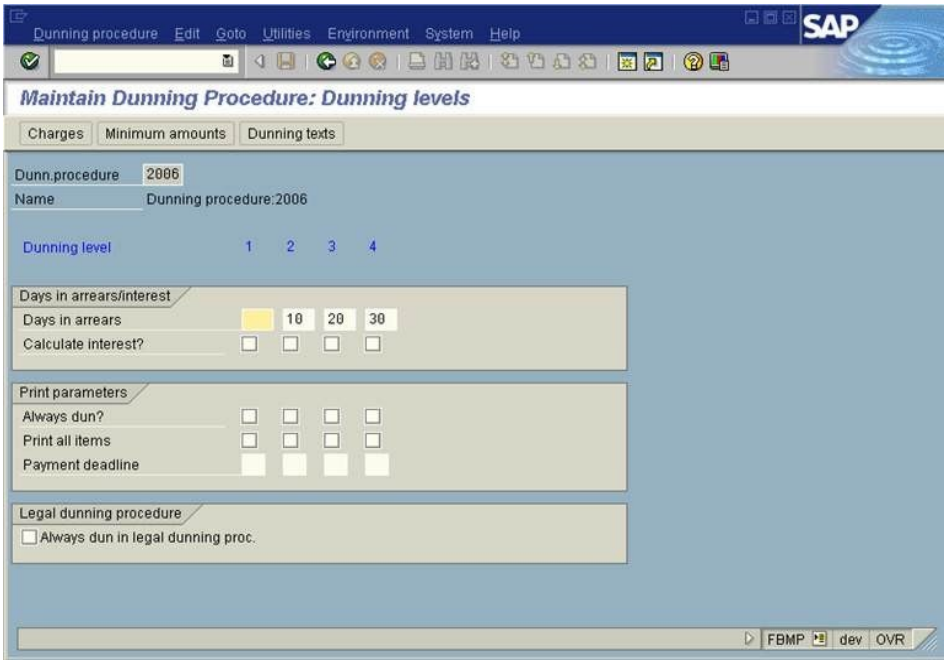


Figure 119

Days in arrears: it means that the items are due for dunning from one level to 2nd level.

Calculate interest shows the interest will be calculated from the selected level of the dunning

Always dun means the system issue the same notice from here onwards.

Print all items: it indicates form which level you want to send the list of all over due items to the customer. It generally set to the account form highest dunning level only.

If you want set payment deadline for the customer specifically we can select the level on which we want to set the payment deadline.

Click on charges
button Give currency
and continue Give the
dunning level
Give the amount from which you want charge the notice charges
Give either the absolute amount or % of charge and save the transaction

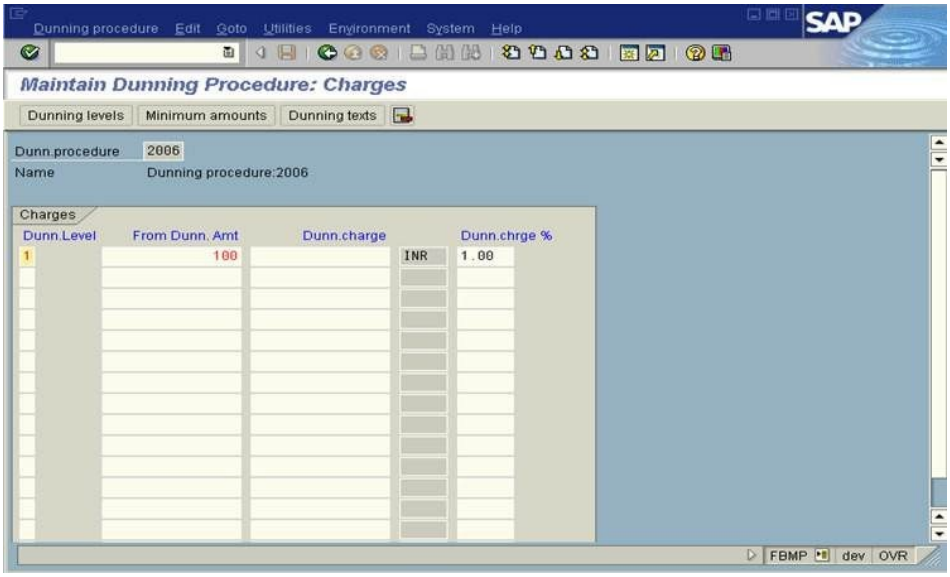


Figure 120

Click on minimum amounts button:
Give the currency and continue

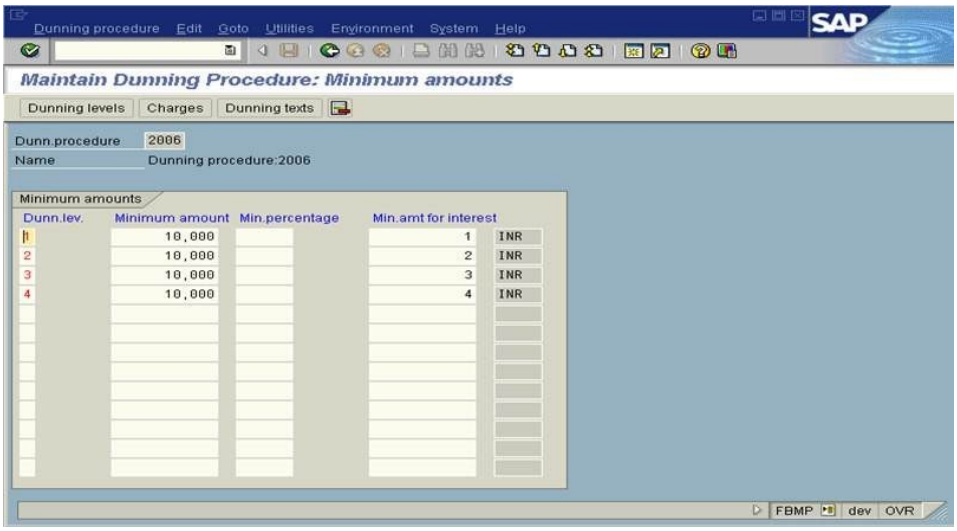
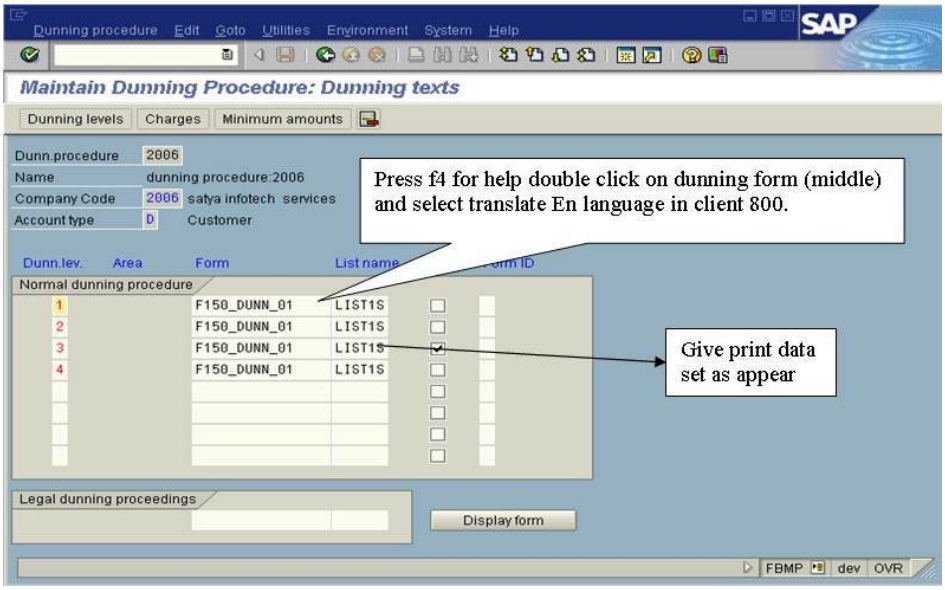


Figure 121

Give the dunning level
Give the minimum level: this is amount of the account should be equal or more than this amount to generate the dunning notice for the account Give minimum percentage: this is the percentage of the over due items to be selected for dunning when compared to all the open items of the account.

The system will check the account in the previous column and the percentage should be equal or more the amount specified in the amount column.
Give the minimum amount for interest: this is the amount on which the system can calculate the interest.
Save the transactions. Click on dunning
texts button. Give company code
Select either customer or vendor and continue
Click on new procedure code and give company code and continue and save the transaction
Keep the cursor on the new procedure; again click on new procedure and again select the dunning texts button



and save .

Figure 122

Incorporate the dunning procedure in the customer master record: fd-02 Give the dunning procedure in the customer master and save

Define the interest rates: path: is same
Give the indicator and currency and debit interest and credit interest and save the transaction.

Check the dunning programme configured by the junior consultant: Path: financial accounting-accounts receivable and accounts payable- business transactions-dunning-generate list for dunning programme configuration: TC: OBL6
Give the dunning procedure

Give the company
code And execute
We can find the configuration settings and anything we can recommend for changes.

Define dunning areas: TC: OB61
We can define the dunning areas accordingly we can issue dunning notices within the company code. i.e. business area, profit centre, .The dunning areas can be used the same dunning procedure or different procedure. These dunning areas have to be incorporate in the customer master record or we can assign in the line item also.

Select new entries
button Give
company code
Give dunning area
Give the text of the dunning area and save the transaction.

Define dunning keys: TC: OB17
These dunning keys are used to limit the dunning levels in the procedure. If you specify the dunning key accordingly the system generate the notice though the higher levels are created in the procedure.

Attach payment media:

This functionality is useful incase you use the automatic payment programme for incoming payments and send the list of such payments along with the print media to the customer. This enables the customer to know the balance of account and payment made him.

TAX ON SALES AND PURCHASES:

Every country levies taxes on the goods and services produced by companies and the raw material used for the purposes of producing goods and services. Generally the tax calculation procedure is differs from country to country. According to the government policy and the revenue resources, it levies the tax on goods. For this purposes each country develop its own structure of taxation independently. According to the country's policies the tax levying authorities are different. The tax levying authorities are may be at central level (uniform

tax structure) at state level (decentralized tax structure) or some times it may be at both levels (mixed tax structure).

While implementing the project, we must understand the tax structure of the country and has to apply the same to our project as per the requirement.

SAP is a standard soft wear, hence has not at all developed any country's requirement specially. However, it developed a separate soft wear and made a generic interface with the SAP and supplying to the companies for which they belongs a country. As far as India is concerned the tax structure was embedded in CIN i.e. Country India Version.4. the version is changes from year to year basing the changes made to the tax calculation system in the country.

With the help of the CIN we can meet the country requirement in Toto. We can generate the required challans and maintain the tax registers in the system. We need not maintain any manual books. It meets the requirement of paperless corporate management.

Configuration of taxes in sap system.

In SAP the jurisdiction authorities who can levy the taxes are:

1. At federal level (country level)
2. At state level (state level)

The taxes are also two types: one is input tax and other one is output tax: Input tax means the taxes on purchases and Out put taxes means taxes on sales. To calculate the taxes SAP system uses some condition types and process keys. With the help of the condition types and process keys SAP creates tax calculation procedure for the country. We processing the sales and purchases we have to use the tax calculation procedure to apply the relevant taxes. These condition types are defined by SAP we can use them or else we can create the new condition types by using copy as function.

1.Define condition types: Path: financial accounting-financial accounting global settings-tax on sales and purchases-basic settings-check calculation procedure

Double click on define condition type

Click on position button give condition type: MWVS (input tax key defined by SAP)

Click on copy as function; change the condition type IT20 (4charater) description: excise duty paid

Again select the it20 copy as function change the condition type: IT21 description: educes paid

Again select the it21 copy as function change the
condition type: IT22 description: vat paid

Out put tax condition type: click on position button: give MWAS; select MWAS copy as function

Change the code OT20 (4character) excise duty payable. <Enter>and save

Select the OT20 click on copy as function change the cod OT21 and description: educes paid. Save

Select the OT21 click on copy as function change the code OT22 and description: vat paid and save

We have created 6 condition types used for calculation of input tax and output tax.

Define access key (check and change settings for tax processing): Financial accounting-financial accounting global settings-tax on sales and purchases-basic settings- check and change settings for tax processing: TC:OBCN

Access keys are useful process the collected tax amounts to general ledger accounts. The conditions mentioned within the definition of this access key system either credit the amount to separate general ledger account or credit back to the respective general ledger accounts only.

Click on new entries button

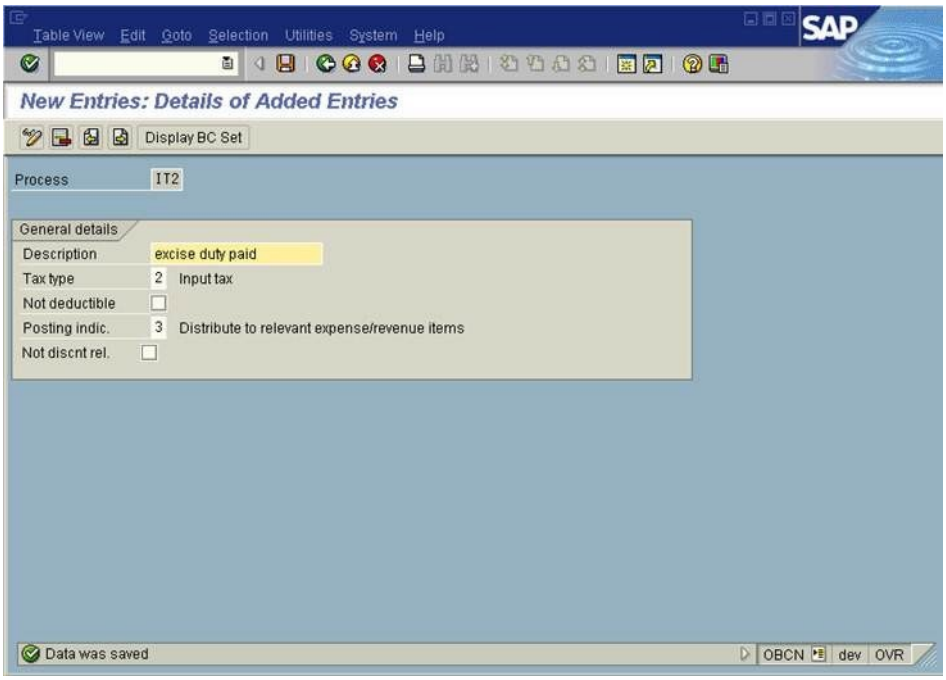


Figure 123

194

Give 3 character process key: it2 Give description: excise duty paid Give tax type: 2 (input tax)
Give posting indicator: 3 (distribute to relevant expenses/*revenue items). However for vat paid account give the posting indicator as 2 (separate line item)

Like the way create output tax processing keys. While creating the output tax keys give the posting indicator is always as 2(separate line item only)

Posting indicator: basing the posting indicator the system will credit the colleted taxes either separate general ledger account or adding to the basic cost. Hence as per the requirement we can give the posting indicator in the processing keys or account keys.

Define tax calculation procedure: path same above
Double click on define procedure Click on new entries button
Give the procedure code: 2006 (4 character) give the description: tax calculation procedure:2006
Select the procedure and double click on control data
Select new entries button furnish the details in the table format.

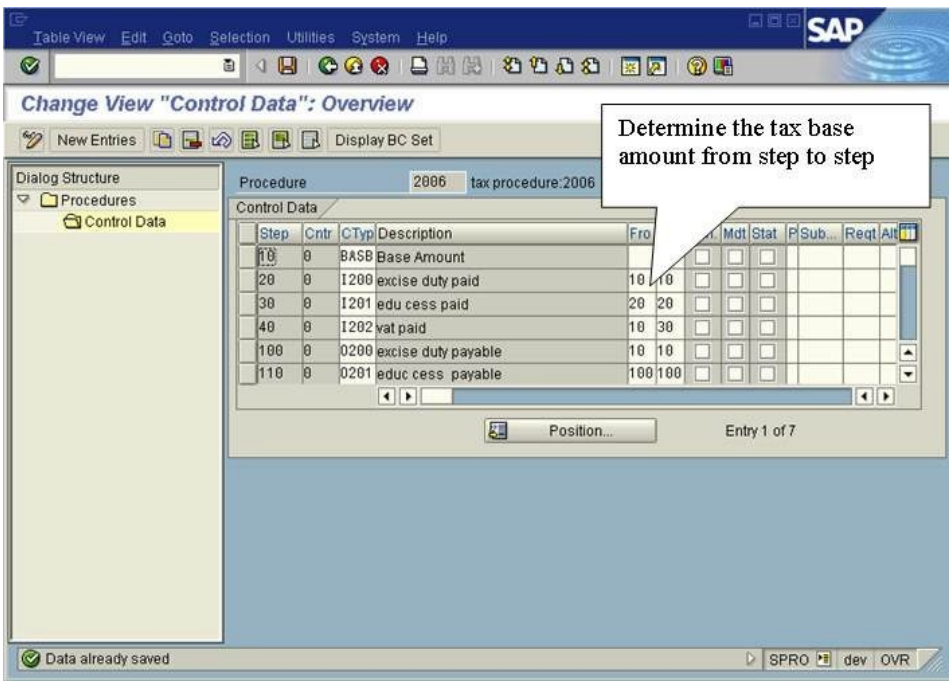


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Control Data": Overview
New Entries
Display BC Set
Determine the tax base amount from step to step
Dialog Structure
Procedures
Control Data
Procedure 2006 tax procedure:2006
Control Data
Step Cntr CTyp Description Fro Mdt Stat P Sub... Reqt Alt
10 0 BASB Base Amount
20 0 I200 excise duty paid 10 10
30 0 I201 edu cess paid 20 20
40 0 I202 vat paid 10 30
100 0 0200 excise duty payable 10 10
110 0 0201 educ cess payable 100 100
Position...
Entry 1 of 7
Data already saved
SPRO dev OVR

Figure 124

Step: in this column give the serial number of the step; however keep the serial number in such a way to incorporate the changes in future in this step. Hence selected 10 instead of 1. Future changes in definition of base amount can easily incorporate without changing the table format.

Give the condition type: Basb for base amount (defined by SAP)
Step 20 condition type: I200 educes paid (defined by user for the country purpose)
Give the from and to (10 to 10) to determine the base amount for calculating the excise duty paid
Give the account key (process key):i10 in the extreme left ack key column (defined by user for country purpose) the tax calculation procedure will appear as above mentioned in the screen.

Assign the procedure to the country: Path: same as above: TC: OBBG:
Click on position button; give the country code continue
Give the procedure name for the country and save the transaction.
If the tax procedure is below the federal level, we have to define the tax jurisdiction structure code with in the federal level. It shows the hierarchy level of tax jurisdiction authorities in the country. Each authority has its own code in SAP system.

Specify the tax jurisdiction structure codes: path is same as above: TC: OBCO
Click on new entries button,
Give reference code: 6 character code
Give the description of the structure and give the number in lg column. And save

Define the tax jurisdiction codes: path is same as above: TC:

Give country reference code (created in the earlier step) continue) Select new entries button
Give the tax jurisdiction code: 15 characters (maximum)
Give the description of the code and select the relevant column in the extreme right.
Save the transaction.

Activate the country India version for specific fiscal years:
Up to basic settings path is same select <India>activate country India version for specific fiscal years.
Click on new entries

button, Give code
number: IND
Give the year up to which it is applicable: 2999

Select the activate check
box Save the
transaction.

Definition of plants abroad:
This is one of the best applications available in the sap system to calculate the tax separately for the plants situated abroad instead of defining as a separate company code for tax purpose. If a company had a plant in other than the home country, we have to define that plant as Plants abroad. Accordingly we have to define the tax procedure for that country separately, and tax codes individually. Plants abroad necessarily mean that they are situated in foreign countries.

Path: is same as above: activate the plant abroad: select the check box: activate plants abroad; save it.

External tax calculation:
We can calculate the taxes separately in the external system and make an interface with the sap application in this system.

Define tax codes for sales and purchases:
These are the code we have to assign to line items to collect the taxes on sales and purchases. We can define any number of tax codes for the requirement of country tax procedure. It differs from company to company also some times.
Path: up to tax on sales and purchases is same
<calculations> TC: FTXP Define tax codes for sales and purchases,
Give country IN
Give tax code (2 characters) (i0) ;< enter>
Give description of the code: 0% tax
for input tax Tax type: V and continue
Give all input taxes are 0% and keep the cursor on output column and click on deactivate line button and save
Create another code: i1 continue
Give the description: excise duty paid+ educes paid+ vat paid
(With this code we can collect the excise duty educes paid and vat paid also from the purchases)

Give the tax type: V and continue

Give the tax rates as per the statute: and keep the cursor on the output column and click on deactivate line button and save.

Like the way we can create any number of input tax codes as per the requirement.

Out put tax codes:

Give the out put tax code: o0 (o zero) <enter> Give the description: 0% output tax on sales

Tax type: A continues and gives 0% in all output tax conditions and place the cursor on the input tax columns and select deactivate line button and save the transaction. Like the way we can create any number of tax codes for output taxes also.

Input tax codes	Out put tax codes
I0:input tax with 0%	O0:output tax with 0%
I1:excise dutypaid+educesspaid+vatpaid	O1:excise duty payable+educesspayable+vat payable
I2: excise dutypaid+educesspaid+cst paid	O2:excise duty payable+ educes payable+ vat payable

General ledger accounts: we can segregate the all general ledger accounts 3 categories as far as taxes are concerned. They are

1. Tax accounts:

These accounts are exclusively used as tax accounts. The collected tax will be credited into these accounts. While determining these accounts we have to specify the Tax type allowed. Accordingly only the system allows the relative tax type transactions into this account. Example: excise duty paid and excise duty payable accounts.

2. Tax relevant accounts:

These accounts are subject to tax codes.i.e. System will calculate the taxes from these accounts Example: 1.raw material inventory account. Accounts payable account. Sales account and accounts receivable account. For tax relevant accounts we have to modify the tax type allowed and select the check box post without tax allowed also.

3. No tax accounts:

These accounts are normal accounts in no way connected to taxes.example:rent, etc. :

Tax accounts	Tax type	Account group	parameters
Excise duty paid	Input	Asset	As general asset and select tax category: < (input tax)
Educes paid	Input	Asset	Same as above
Vat paid	Input	Asset	Same as above

Inversely we have to create accounts for excise duty payable as out put tax
, account group liability and tax category a >(output tax) for all tax accounts as under.

Tax accounts	Tax type	Account group	parameters
excise duty payable	output	Liability	Tax category:>(output tax)
educes payable	Output	Liability	Same as above
Vat payable	Output	Liability	Same as above

Assign General Ledger accounts for taxes: path: same as up to tax on sales and purchases<posting>define tax accounts **TC: OB40**
Select the account key (i12 defined for vat paid) as posting indicator as 2(separate line item)
Give chart of accounts continue
Select the tax code check box and save
Give the tax code and related tax account and

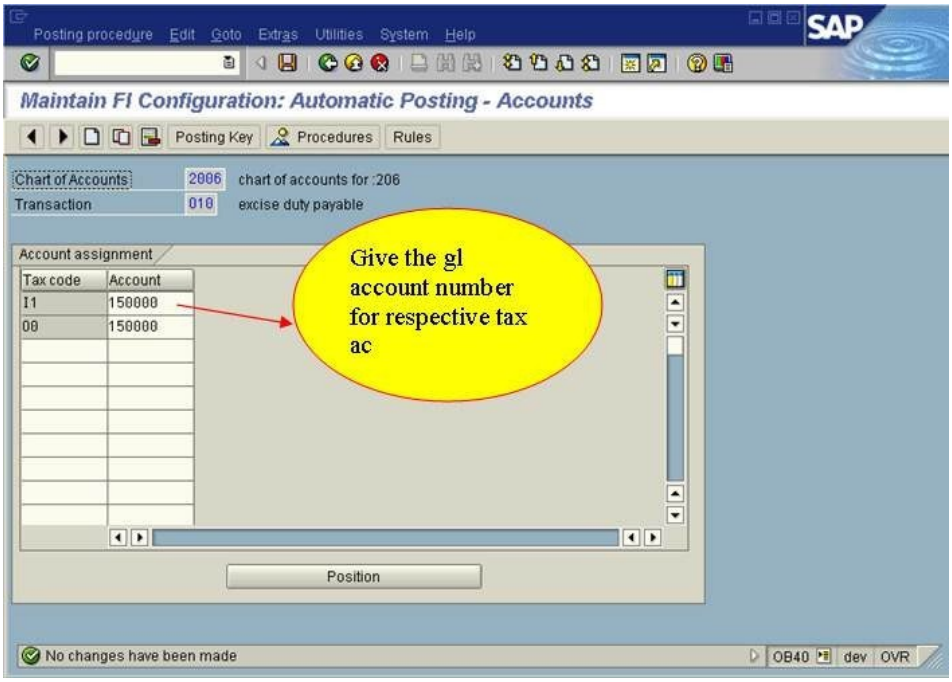


Figure125

And save transaction the screen will appear as above figure. Like the select out put tax keys also and give the general ledger accounts for automatic credit of taxes while processing the information.
Post the incoming invoice transaction in F-43

Select the calculate tax check box

And in the second line item give the tax code, the system calculates taxes and credit to separate line item or as per the posting indicator of the access key.

Post the outgoing invoice transaction in F-22. And verify the respective GL accounts.

Withholding tax calculation procedure:
The tax deducted at source is coined as withholding tax in SAP environment. There are two types of withholding taxes are available in the r3 architecture. The first one is the classic withholding tax and the second one extended withholding tax. There is no much difference in between these two. The main differences are as under.

1. Under classic withholding tax we cannot define multiple tax codes where as it is possible in extended withholding tax
2. In extended withholding tax we can apply the tax codes to partial payments also, that provision is not available in classic withholding taxes.

Except the above there is no difference in configuration functionalities. The configuration steps are defined as under.

Check withholding tax countries:
Path: financial accounting-financial accounting global settings- withholding tax-extended withholding tax-basic settings- check withholding tax countries:

Click on new entries
button Give country
code: IN
Give with holding country:
IN Give country name:
Save

Define Official withholding tax codes:
Path is same Give
country: In Click on new
entries button
Give official withholding tax code: 4 character (section under which withhold the tax)(194c)
Give description of the

code: Save

Define reason code for exemption:

Path is same:

Give country name:

Click on new entries

button, Give

2character code

Give description of the code

Check recipient types?tax receiving authority code: example ITO Vijay Wada.

Path is same

Give country name

Give withholding tax type:

Give recipient code:

2characeter code Give the

description.

Check income types:

Give country key

Click on new entries button

Give the code for income type: 3

characters Give the description of

the income:

Save.

Define Business Place: up to basic settings same <India>define business place:

Give the company code

Give the business place code: 4character code: and description of the business place: ito vijaywada

Save and give the address details of the tax receiving authority details in full.

Maintain the tax due dates: path is same as above: Click on new entries Give country code
Give official withholding tax
code Give recipient code
Give the due date for remittance of tax always: 777 i.e. seventh day of the next month.

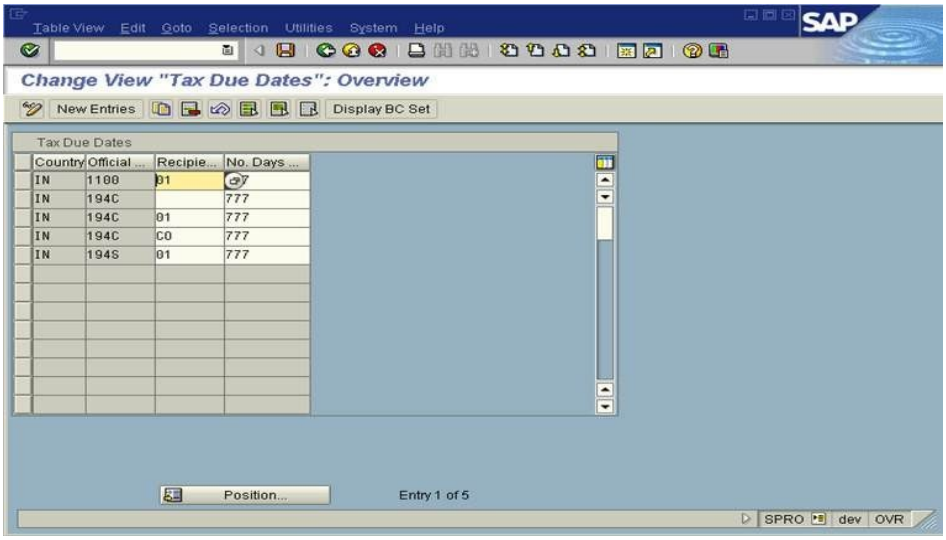


Figure 126

Assign factory calendar to business place:

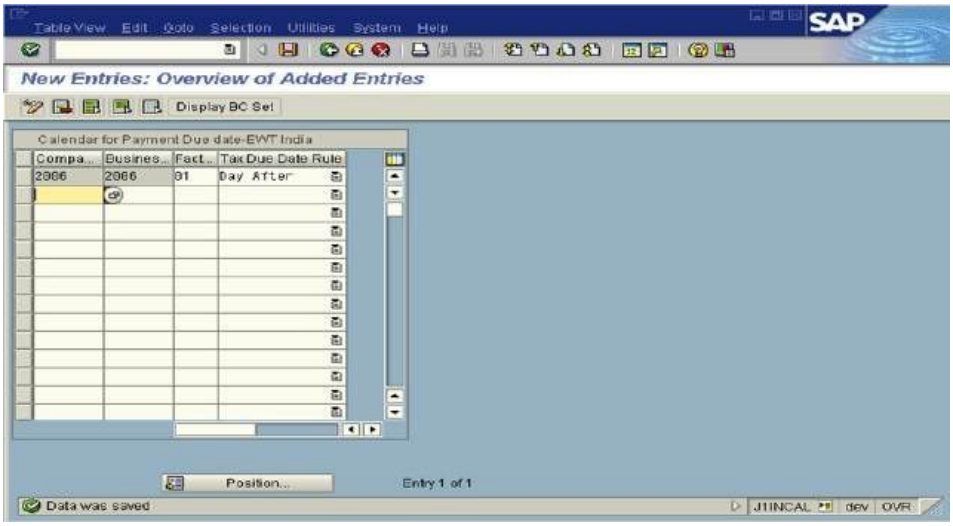


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Display BC Set
Calendar for Payment Due date-EWT India
Compa... Busines... Fact... Tax Due Date Rule
2066 2066 01 Day After
Position...
Entry 1 of 1
Data was saved
J1INCAL dev OVR

Figure 127

We can define our own calendar for the project in general settings:
We have to define the holidays and create the holiday calendar and define the factory calendar by incorporating the holiday calendar id. And save.

Define withholding tax type for invoice posting:

Path is same up to extended withholding tax<calculation> define withholding tax type for invoice posting:
Give country key: IN.
Click on new entries button

Give 2 character withholding tax type and description:

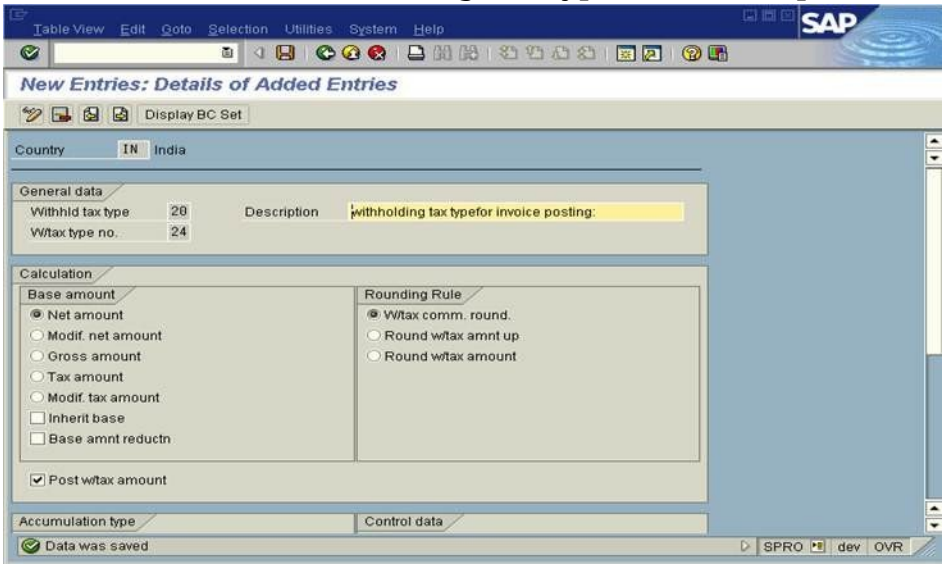


Figure 128

Select gross amount select post w.tax amount check box. And save Define withholding tax type for payment posting: path is same: Give country key
Select new entries
button Give
withholding tax type
: 21 and description of the tax type: payment posting2006

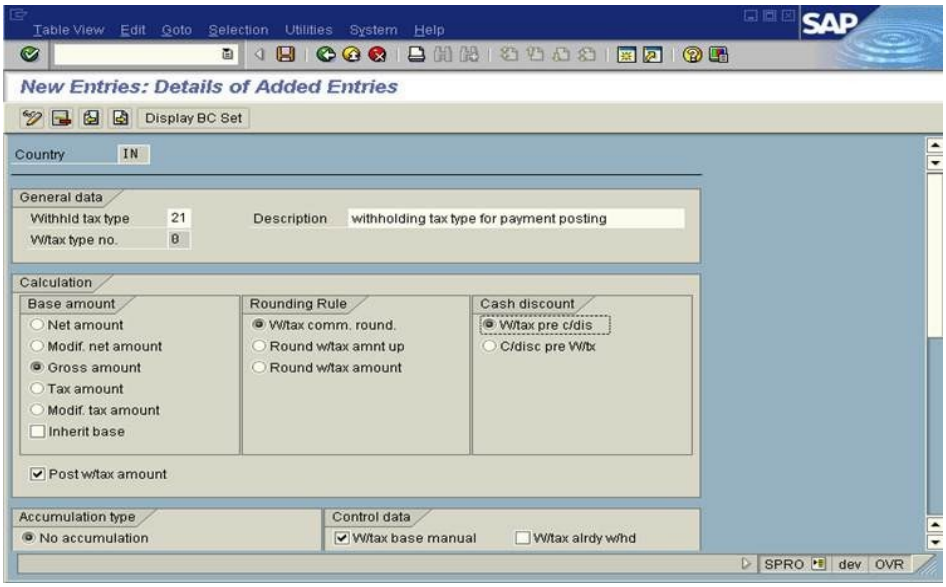


Figure 129

Give the base amount is gross amount select post w.tax amount. And save the data.

In this case we have defined 2I: surcharge on invoice posting code and 2p surcharge on payment posting code to collect the surcharges along with the withholding tax.

Define exchange rate type for withholding tax type: incase the withholding tax is collected in foreign currencies; we have to define the exchange rate type for conversion of withholding taxes.

We can define the rounding rules for withholding taxes also there by the system rounded the amount to nearest amount automatically,

Assign the withholding tax condition type for withholding tax type: in this activity, we assigned the withholding tax condition type to withholding tax types. It is useful when we are implementing the sd and fi paralleling. The withholding condition type will used to collect the withholding tax type from the sale orders.

Define withholding tax codes: up to calculation is same<define withholding tax code>
Give country code: IN
Click on new entries button,

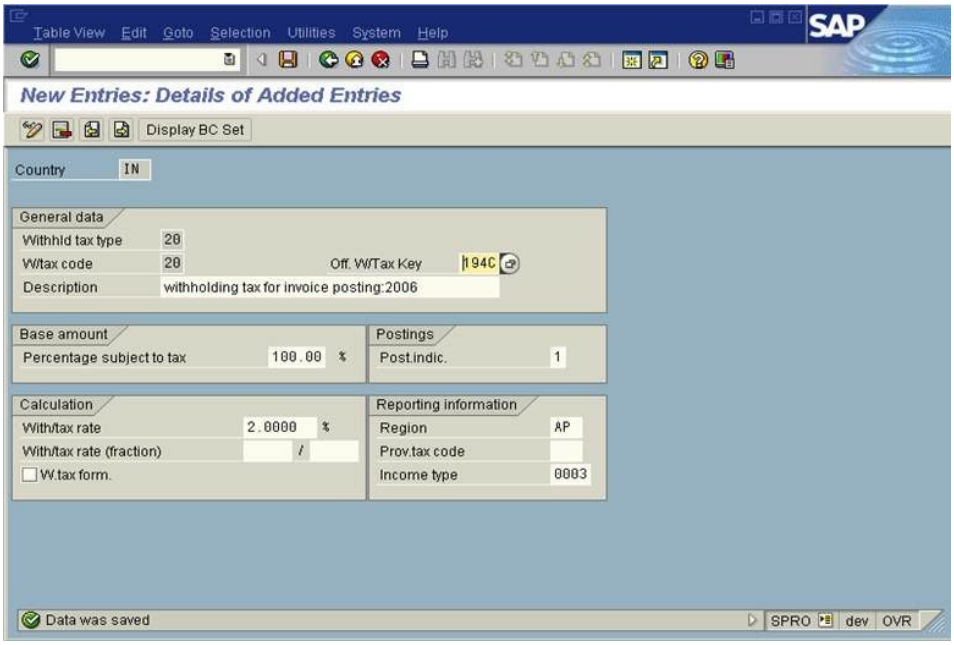


Figure 130

Give the withholding tax type:
20 Give the withholding tax
code: 20 Give the off
withholding tax key: 194c
Give the description: withholding tax for
invoice posting: Base amount: 100% posting
indicator: 1
Calculation: tax rate: 2%
Save like the way defines for payment posting also.

Define maximum and minimum amount for withholding tax code: We can define the maximum amount of with holding tax amount and minimum of withholding tax amount and validity period of the tax amounts also.

Define accounts for withholding tax:
Up to extended withholding tax is same<posting> assign accounts for withholding tax-define accounts for withholding tax to be paid over;
Give chart of
accounts: 2006 Select
all check boxes: save
Give the details as
under:

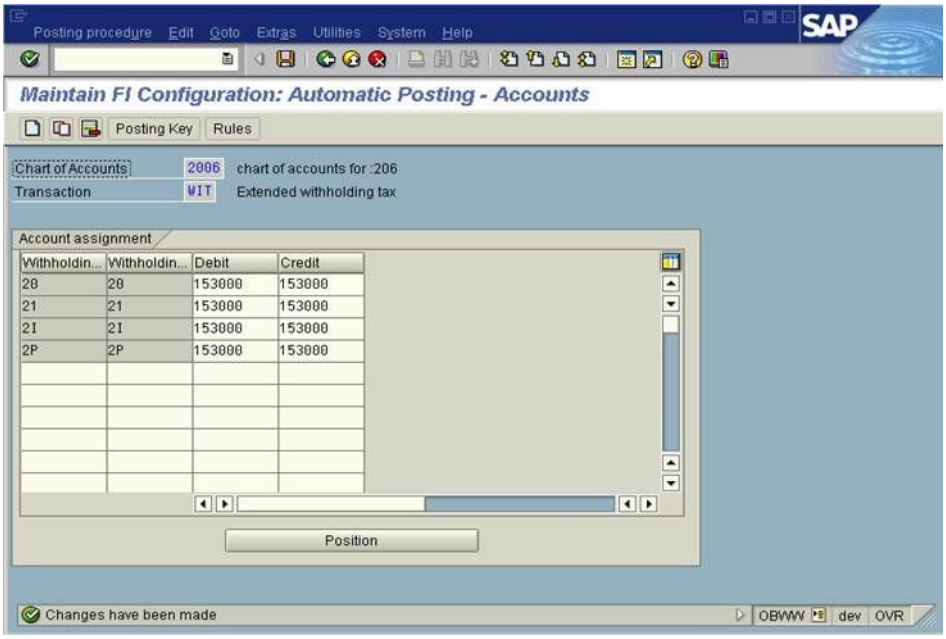


Figure 131

Change the vendor master record with the withholding tax codes: fk02

Assign the withholding tax in company code:

Activate the withholding taxes.

Note: once if you activate the withholding tax codes in company code the system

does not permit to make the outgoing payments to the open items before activation of with holding tax codes. If at all we want to make the open items to be cleared deactivate the withholding tax codes and make the payment

Maintain company code settings: logistics-general-tax on goods movement- India-basic settings-maintain company code settings; Give the start of the year and save

Financial Statement versions:

Financial statement creation has flexibility in sap environment. We can define the grouping of accounts, and adjustment to meet the requirements of various purposes we can a financial statement version. For that first we have to define one version in which you want to publicize the financial statements.

Define financial statement version:

Path: spro-img-financial accounting-general ledger accounting-business transactions-closing-documenting-define financial statement versions. TC: OB58

Click on new entries button for creation of new version or use the copy as function to copy down the defaulted versions. And change the name of the version as you like. Give 4character id for the financial statement version:

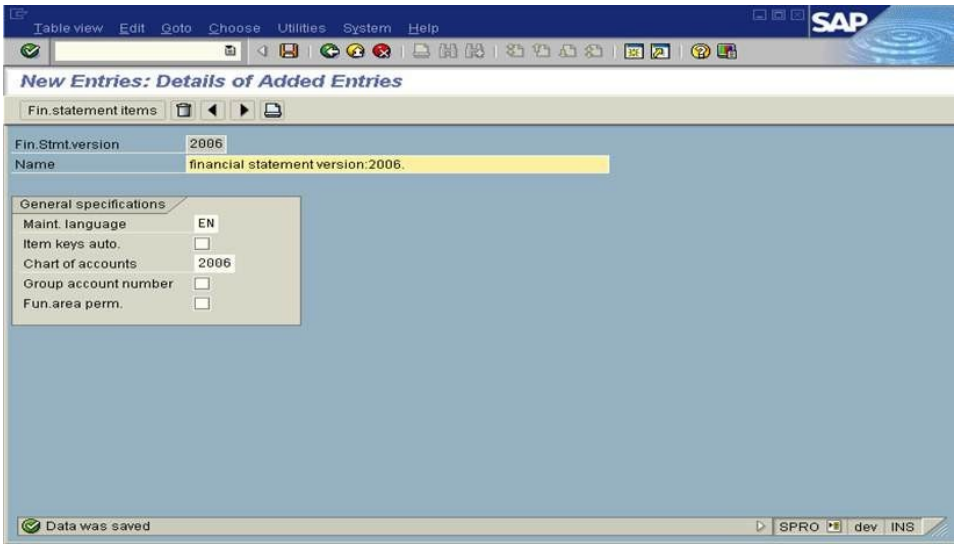


Figure 133

Give the name of the financial

statement version Select the language: en

Give the chart of accounts: 2006

Select the group number check box if you want to assign this version to group version.

If you select the functional area check box individual items of the balance sheet are assigned to functional area.

We can reset as and when not required. Click on financial statement version button

Keep the cursor on the no text items and click on create items or (double click on no text items column)

Give the main head of the balance sheet i.e.. Assets

Again repeat the process and give liabilities and create for profit and loss and profit &loss statement acs.

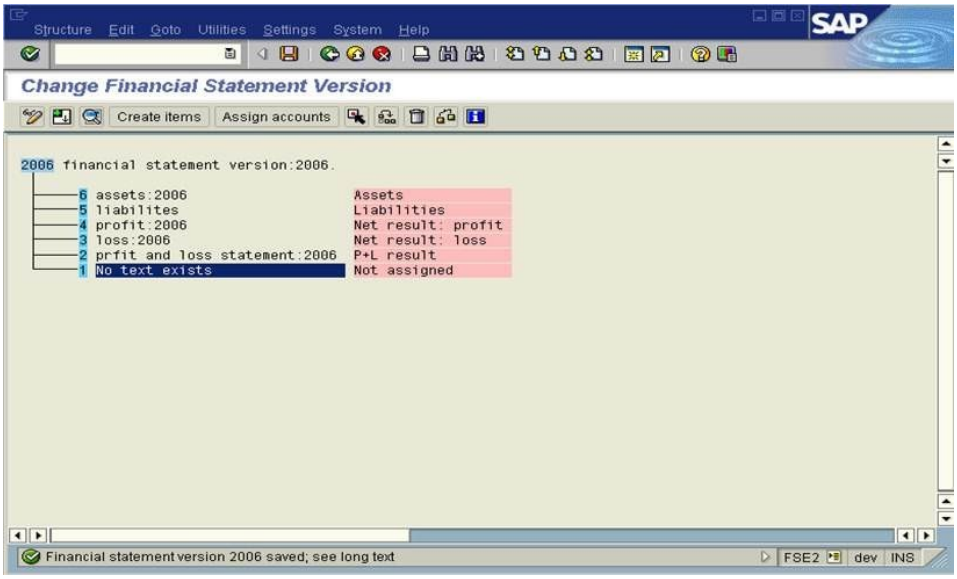


Figure 134

The appearance of the statement

as above. Double click on the

asset column

And create the sub assets like fixed assets, current assets, inventory like that and continue (these assets will placed under the main asset column

Keep the cursor on the fixed assets column and click on assign accounts button

Give the general ledger accounts from number and to number with relevant (sign) and continue

All the related to fixed asset accounts placed under the fixed asset column save the tree.

Like the way we can build the tree as per the requirement of the project. The same we have to develop the liabilities and as well as the profit and loss statements also

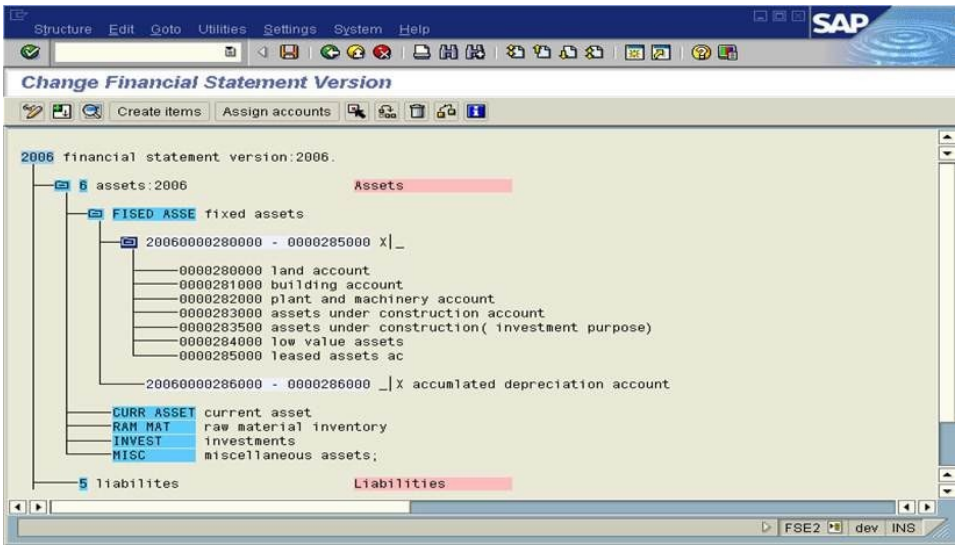


Figure 135

We can re arrange the settings or account number from one to another area by selecting (f9 andf5) reassign.

Execution of Financial Statement version: Accounting-financial accounting-general ledger-information system-GL reports-balance sheet /profit and loss statement-general actual and actual comparision:s_alr_87012249

Integration with material management and sales and distribution: This is the complex activity of the implementation project. All the functional application components are too integrated to get the desired results. This is the best feature of the standard soft wear. Integration within the module will be done automatically and the intra module integration is an uphill task for the implementation team. In the process of integration we the fico module consultant has a greater role to play. The finance module is linked up with most of the other modules. In this chapter we learn how to integrate the fico module with material management and sales and distribution. In the project implementation the activities relating to the respective modules will taken care by

respective module consultants. Here we will try to deal with the main activities to take up integration.

The flow of material management activities

(purchasing activities) Request for material

(from production department)

⇓

Verification of stock (availability check)

⇓

Enquiry and Request for quotations (from the suppliers)

⇓

Scrutiny and placing Purchase orders(with the suppliers)

⇓ With scheduling agreements goods receipt (warehouse

⇓ management & quality mangement)

⇓ (clearing ac updation)

Invoice verfication and confirmation(the purchase)

⇓

Accounts payable (up dation in accounting for payment)

⇓

Payment of accounts payable

⇓ Manual payments
Automatic payments

The purchasing activities of an organisation dealt by a specialized departments or separate purchasing organisations as per the requirement of the project. The main organisational units involued in the above process are as under. We have to define those organisactional units and assign them to a company code.

We have to define the following Organisation units in material management.

Before defining the organisational units in material management we must define the valuation level. it is precondition to take further configurations in the mm module. It determines the valution of materials. It can be either a plant level or a company code level. Once we determine the valuation level or area it is very diffcult change the valuation area. It needs a data converion and requires the help of consultants.

Define Plant:

Spro-rimg-enterprise structure-definition-logistics general-define copy delete check plant: TC: OX10

Double click on plant
Click on new entries button
Give plant code: 2006(4character code)
Save it and give the full address details of the plant (where it is located) and continue

Define location: Path is same

Click on new entries
button Give plant
code: 2006
Give the location code: 2006(4characters)
Give the description and save and give the full address details of the location.

Define copy check division: path is same:
TC: OVSB Double click on define division
Click on new entries
Give two character codes: 20 and description of the division (product)

Define storage location:
Spro-rimg-enterprise structure-definition-material management-maintain storage location: OX09
Give plant: 2006
Click on new entries button
Give storage location code:
2006(4character) Description of the location and address details and save

Maintain purchasing organization: path: same as above TC: OX08 Click on new entries button
Give 4 character codes: 2006 and description of the purchasing organization and save.

Define shipping point: path :< logistic execution> define shipping point's: OVXD
Double click on shipping point:

Select define shipping point: 0001 use copy as function
Change the code: 2006 and description of the shipping point and give the address details and save the data

Assignment of Organizational units in Material

Management: Assign plant to company code:
Path: spro-rimg-enterprise structure-assignment-logistics general-
assignment of plant to company code: OX18

Click on find out button
Give company code: 2006 and
continue Double click on
company code: 2006 Again
double click on company code:
2006
Select the plant check box and continue and save the transaction.

Assign business area to plant/valuation area/and division: Path is same: TC: OMJ7
Click on plant /valuation
area/division Click on new
entries button
Give plant: 2006
Division: 20
Business area:
2006 Save the
data
Assign purchasing organization to company code: path up to logistics general same<material management> assign purchasing organization to company code TC: OX01
Click on find
button Give
company code
Click on find button
again Double click on
company code
Again double click on company code
Select purchasing organization check box

and continue Save the transaction.

Assign purchasing organization to plant: path is same TC: OX17

Do the same process mentioned in the above and assign the plant to purchasing organization,

ORGANISATIONAL UNITS IN SALES AND DISTRIBUTION:
The organizational structure of sales and distribution is quiet different from the existing finance and material management structure. The Organizational structure of the sad module is as under

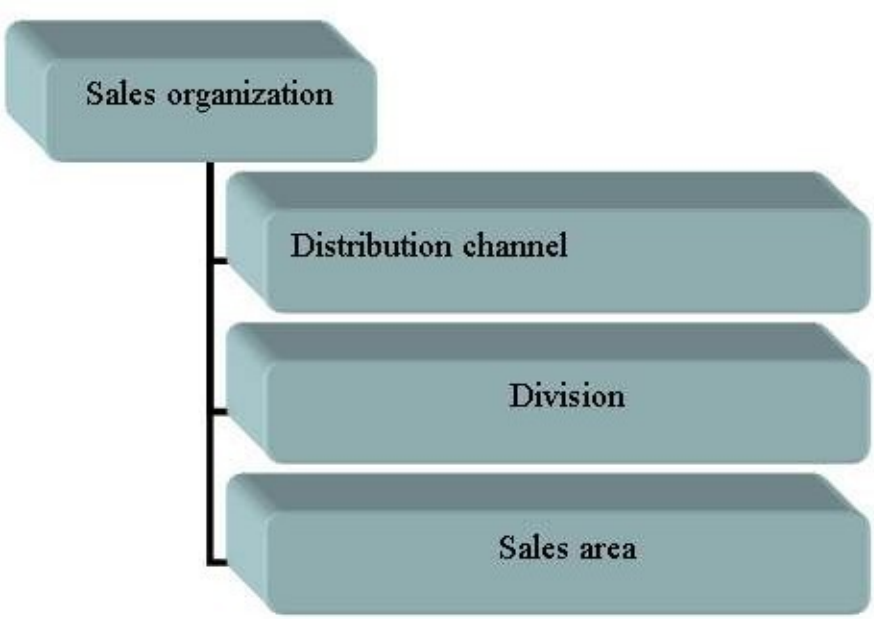


Figure 136

We have to define the organization units and make the necessary assignments to various other organization units to make the structure complete.

Define sales organization: path:

Spro-rimg-enterprise structure-definition-sales and distribution-define, copy, check sales organization.

Double click on define sales organization
Select the 0001 sales organization use copy as function Change the sale organization code: 2006
Change the description of the sales organization Save it
Select the sales organization click on details button and change the currency: INR save the data.

Define Distribution Channel: Path is same as above: TC: OVXI
Double click on define distribution channel

Click on new entries button
Give 2 character codes for distributional channel and description of the dc and save

Division was already defined while defining the material management organizational units. Hence need not required again at this point.

Assignment of organizational units of Sales and Distribution: Assign sales organization to company code:

Path: spro-rimg-enterprise structure-assignment-sales and distribution-assign
sales organization to company code. TC: ox03

Click on find button
Give company code and click on again find
button Double click on company code
Again double click on company code
Select the sales organization check box and continue and save the data

Assign distribution channel to sales organization: path is same: TC: OVXK
Do the same process mentioned in the above.

Assign division to sales organization path is same: TC: OVXA
Same process as mentioned in the above.

Set up sales area: sales area means the combination of sales organization and distribution channel and division put together is called sales area. We have to link up all these organizational units to create a sales area. TC: OVXG

Repeat the same process to set up the sales area properly.

Assign the sales organization-distribution channel and plant: path is same: TC: OVX6
Repeat the same process to assign the above organizational units to plant. And save the data.

Assign shipping point to plant: path:
spro-rimg-enterprise structure. assignment-logistics execution-assign shipping point to plant-OVXC

Make the assignment as mentioned in the previous steps.

Define rules by sales area: path; spro-rimg-e.s.-assignment-sales and distribution-business area account assignment-define rules by sales area: OVF2

Click on position button
Give sales organization and
continue Give rule 001 and
save the data.

Specify value updating and quantity updating to the material types of the plant:

Spro –rimg-logistics general-material master-basic settings-material types- define material

Click on position button

Give material type: roh: raw

material Select the roh

material type

Double click on quantity/value

updating Click on position button

Give valuation area: 2006

Select value updating check box and quantity

updating check box. Save the data

Repeat the same process for material type: FERT finished goods also.

Maintain company code for Material Management (path is same as above): TC: OMSY

Click on position

button Give company

code

Give the fiscal year and period for which you want allow the posting

Select the ABP check box for allowing the transactions in back dated posting (in preceding month only)

Note: the transaction code MMPV and MMPI are useful to open and close the posting period for material postings.

Set tolerance limits:
Spro-rimg-material management purchasing-purchase order-set tolerance limits for price variance: TC: OMEU

Select the tolerance key PE: key price variance and SE: maximum cash deduction

Choose copy as function

Change company code and <press enter> if required
make changes for price variances

Do the same process for the both
tolerance keys. Save the data

Specify plant parameters: path: spro-rimg-material management- inventory management and fiscal inventory-plant parameters.

Select the plant code:
0001 Choose copy as
function
Change the plant code: 2006 <press enter> and save the data.

Set tolerance limits for goods receipt: same path :< goods receipt> set tolerance limits: TC: OMC0

Select the tolerance keys: VP: moving average price variance

B1 and B2: order price variance:
Choose copy as function change the name of the company and save.

Maintain default values for tax codes: Spro-rimg-material management-logistics invoice verification-incoming invoice-maintain default values for tax codes: TC: OMR2

Select new entries
button Give company
code: 2006
Give tax code: i1 and save the data

Configure vendor specific tolerances: TC: OMRX: same path

Click on new entries
button, Give the
company code:2006
Give the tolerance group: VS01 and save the data. (if you want set any tolerance for vendor we can set or leave blank for tolerances)

Define automatic status change: path: spro-rimg-material management- logistics invoice verification-invoice verification in background-define automatic status change: TC: OMRV

Select new entries

button Give company
code
Select the set correct check box and save the data.

Valuation and account assignment: material management flow:

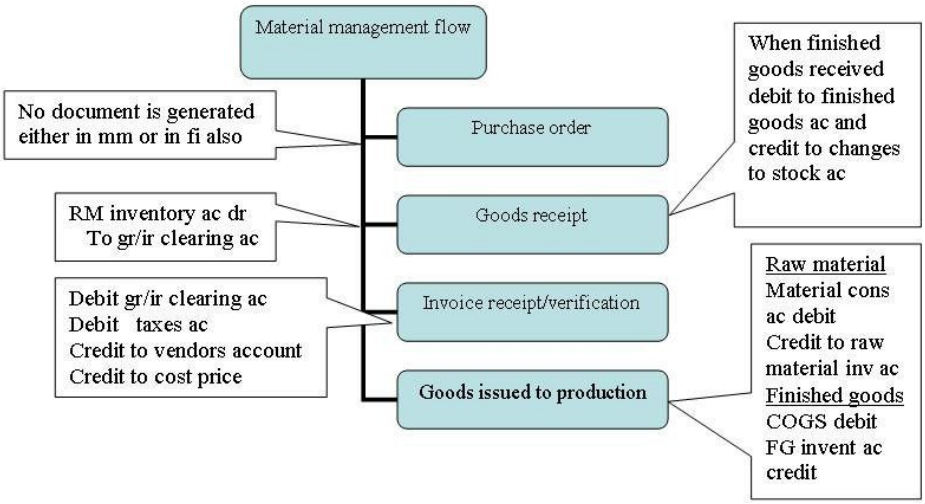

Material management flow
No document is generated either in mm or in fi also
Purchase order
When finished goods received debit to finished goods ac and credit to changes to stock ac
RM inventory ac dr
To gr/ir clearing ac
Goods receipt
Debit gr/ir clearing ac
Debit taxes ac
Credit to vendors account
Credit to cost price
Invoice receipt/verification
Raw material
Material cons ac debit
Credit to raw material inv ac
Finished goods
COGS debit
FG invent ac credit
Goods issued to production

Figure 137

Requirement general ledger accounts to integrate the fi and mm transactions with the parameters required

1.finished goods inventory ac	1.Assets group 2.balance in local currency3.line item display4.sortkey.001 and fstvg:001 and select post automatically check box
2.raw material inventory ac	Same as above in addition those give tax category (-) and select posting without tax allowed.
3.stock clearing account	Account group: liability select open item and line item display and remaining are as general liability clearing account.
4.GR/IR clearing account	Account group: liability open item display and line item display fstvg G045 and select posting without tax allowed check box ;bal in loc cur Give all tax category and select post without tax allowed check box
5.all expenses accounts inventory changes account	Account group: expenses: p&l account: line item display sort key:001 Fstvg:g001
6.Cost of goods sold account 7.cost price difference account	Same as above Same as above parameters
8.inventory difference account	Same as above parameters
9.stock transfer loss or profit ac	same as above parameters
10.changes in stock ac	Same as above parameters

Material management transaction keys:
In SAP the processing of information regarding material transaction will be done through the material management transaction keys. These keys defined by Sap. We have to use these keys and assign the general ledger accounts to these keys. The transaction key is a 3 character code. The following are the main important transaction keys.

Transaction keys:

BSX: inventory postings

AUM: stock transfer

expenses/revenue ac GBB:

offsetting for inventory postings

PRD: cost price differences

WRX: Gr/Ir clearing

ac BSV: changes in

stock ac

KON: consignment transactions

The transaction keys GBB and PRD further subdivided into grouping codes, to assign the various general ledger accounts. These account groupings are called general modifications, account modifications. The sub groupings are as under:

GBB: it is further divided as under

Ava	For order settlement transactions
AUF	For goods receipt for orders
Avi	Sub segment adjustment of actual price from cost centre to matter
Bsa	For initial entry of stock balances
Inv	For exp/incomes for inventory differences
Vay	For goods issue for sale orders with assignment of cost element
Vax	For goods issue for sale orders without assignment of cost element
Vbo	For consumption of stock of material provided to vendor
Vbr	For internal goods issue(cost centre)
Zob	For goods receipt without purchase order
Zof	For goods receipt without production orders m.type:531&501

PRD : Subdivided into further as under :

None	For goods and invoice receipt against purchase orders
Prf	For goods receipt against production order/order settlement
Pra	For goods issues and other movements
Pru	For transfer of postings.

Valuation grouping code: is a combination of valuation area, company code, and chart of accounts. To specify the general ledger accounts for all valuation areas, we can use the valuation grouping code.

Valuation class: is used to group the materials under one class. Same class of materials is grouped as valuation class. We have to assign the general ledger accounts for this valuation class. This valuation class has to be assigned to the material master record mandatory. There by the system can easily segregate the particular material to the valuation class. This valuation class, we can define or else we can use the sap delivered. The main valuation classes are as under:

3000 raw material 1
7920 finished goods
7900 semi finished goods

Maintain valuation group:
path: spro-rimg-material management-valuation account assignment- account determination-account determination without wizard-group together valuation areas: TC OMWD click on position
button. Give
company code
Give the grouping code:
0001 Save
Define valuation class Path: same as above: TC:OMSK
Ensure valuation class: 3000 for reference raw material and 7920 for reference finished goods are available.

Create automatic postings: assignment of general ledger accounts for material transactions TC: OBYC (path is same as above)

Click on cancel button.
Click on account assignment button,
Double click on transaction key AUM(expenses/revenue on stock transfer)

Give chart of accounts: 2006

Select all check boxes except general modification check box and save

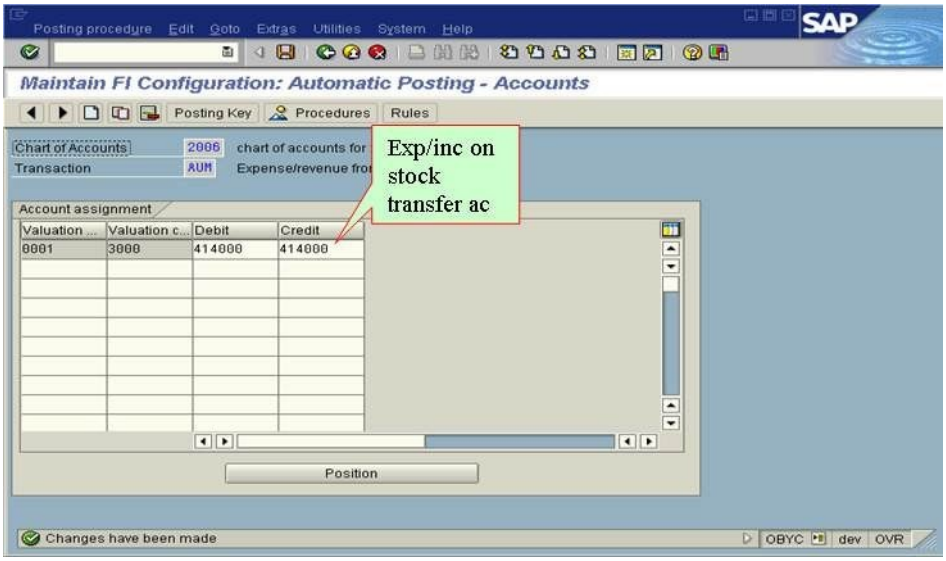


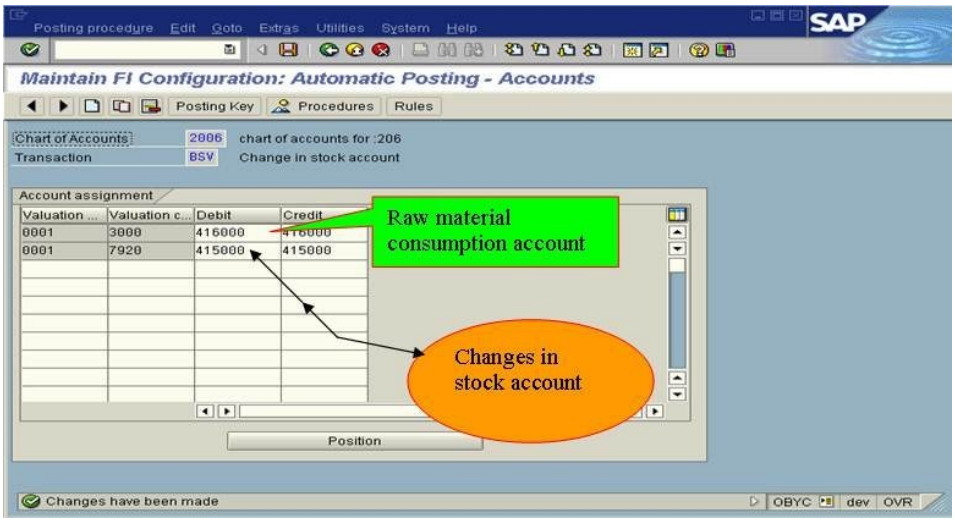
Figure 138

Give valuation modification as 0001 grouping code

Give valuation class 3000: raw material class and the gl account: loss/profit on stock transfer ac

And save the data

Double click on transaction key BSV: changes in stock account. Select all check boxes and give the valuation modification and valuation class and the respective



accounts the screen appearance as under

Figure 139

Double click on BSX transaction key: inventory posting. Select all check boxes and save. Give the data and save the screen appearance is as under.

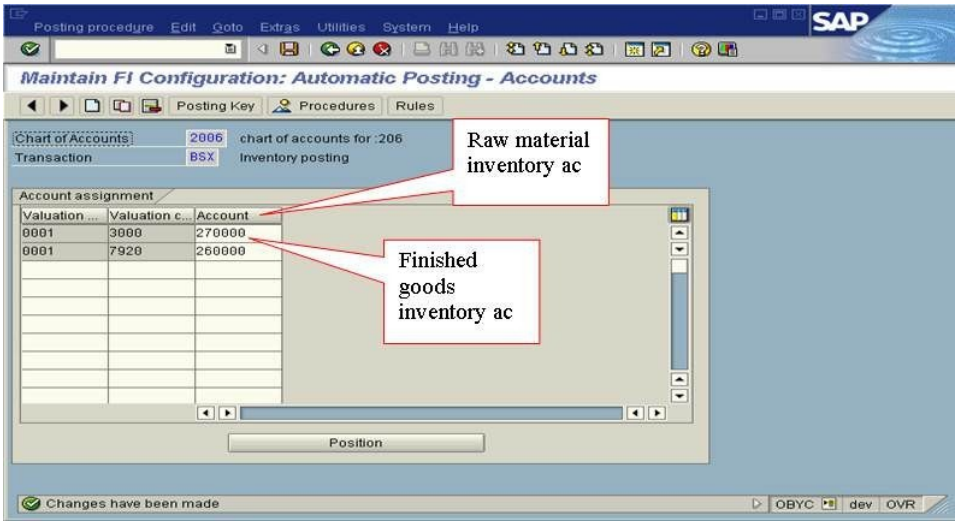


Figure 140

Double click on GBB transaction key select all check boxes and save. Give the details as under;

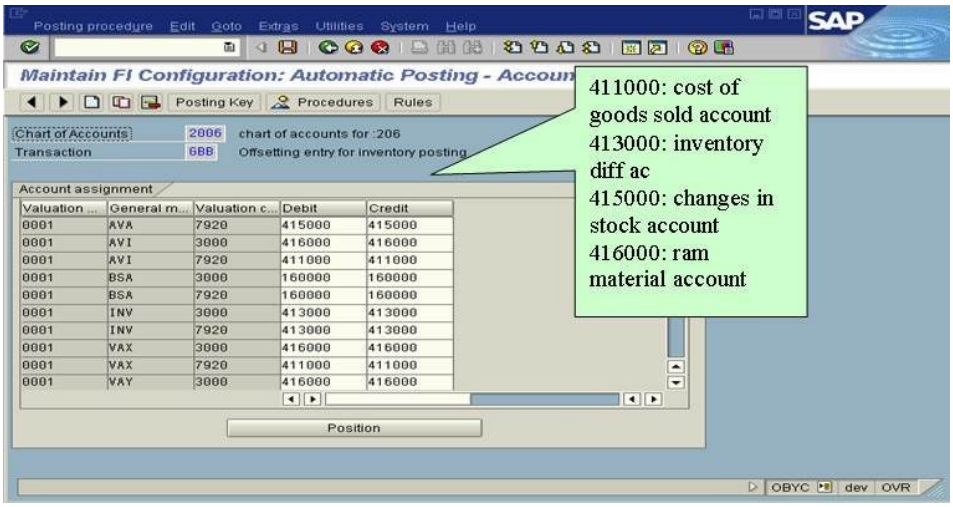

Posting procedure Edit Goto Extras Utilities System Help
SAP
Maintain FI Configuration: Automatic Posting - Accoun
Posting Key
Procedures
Rules
Chart of Accounts 2006 chart of accounts for :206
Transaction GBB Offsetting entry for inventory posting
411000: cost of goods sold account
413000: inventory diff ac
415000: changes in stock account
416000: ram material account
Account assignment
Valuation ... General m... Valuation c... Debit Credit
0001 AVA 7920 415000 415000
0001 AVI 3000 416000 416000
0001 AVI 7920 411000 411000
0001 BSA 3000 160000 160000
0001 BSA 7920 160000 160000
0001 INV 3000 413000 413000
0001 INV 7920 413000 413000
0001 VAX 3000 416000 416000
0001 VAX 7920 411000 411000
0001 VAY 3000 416000 416000
Position
OBYC dev OVR

Figure 141

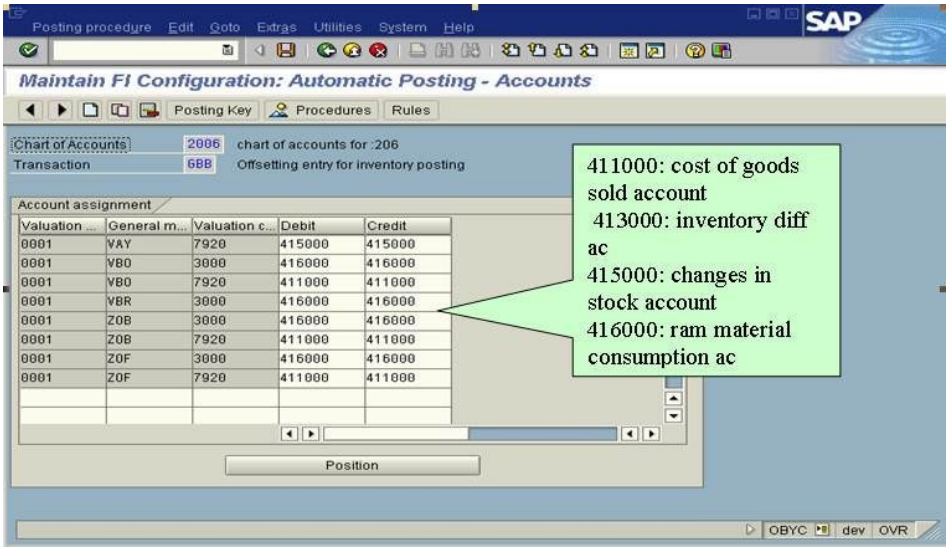

Posting procedure Edit Goto Extras Utilities System Help
SAP
Maintain FI Configuration: Automatic Posting - Accounts
Posting Key
Procedures
Rules
Chart of Accounts 2006 chart of accounts for :206
Transaction GBB Offsetting entry for inventory posting
Account assignment
Valuation ... General m... Valuation c... Debit Credit
0001 VAY 7920 415000 415000
0001 VBO 3000 416000 416000
0001 VBO 7920 411000 411000
0001 VBR 3000 416000 416000
0001 ZOB 3000 416000 416000
0001 ZOB 7920 411000 411000
0001 ZOF 3000 416000 416000
0001 ZOF 7920 411000 411000
411000: cost of goods sold account
413000: inventory diff ac
415000: changes in stock account
416000: ram material consumption ac
Position
OBYC dev OVR

Figure 142

Double click on prd key: select all check boxes; give the data

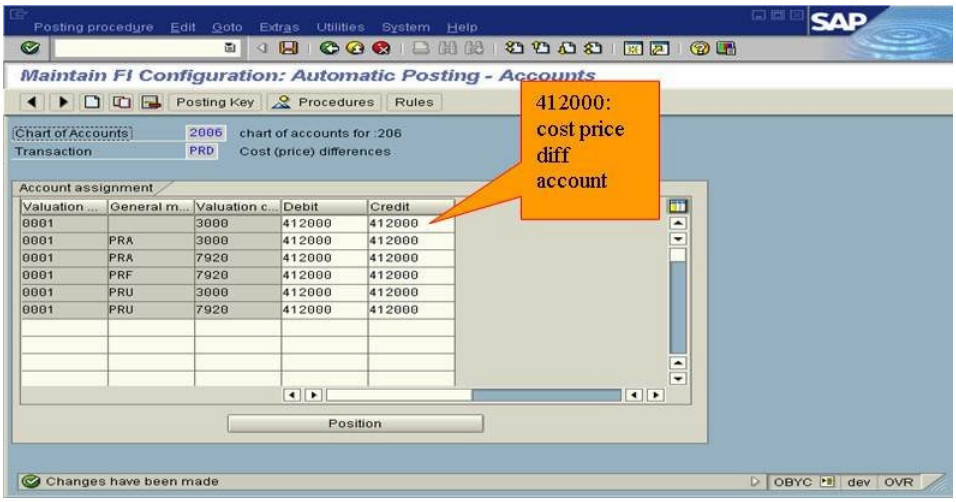

Posting procedure Edit Goto Extras Utilities System Help
SAP
Maintain FI Configuration: Automatic Posting - Accounts
Posting Key
Procedures
Rules
Chart of Accounts 2006 chart of accounts for :206
Transaction PRD Cost (price) differences
Account assignment
Valuation ... General m... Valuation c... Debit Credit
0001 3000 412000 412000
0001 PRA 3000 412000 412000
0001 PRA 7920 412000 412000
0001 PRF 7920 412000 412000
0001 PRU 3000 412000 412000
0001 PRU 7920 412000 412000
412000: cost price diff account
Position
Changes have been made
OBYC dev OVR

Figure 143

double click on transaction key:**wrx:**select all check boxes (except general modifications) give the accounts numbers and save the data

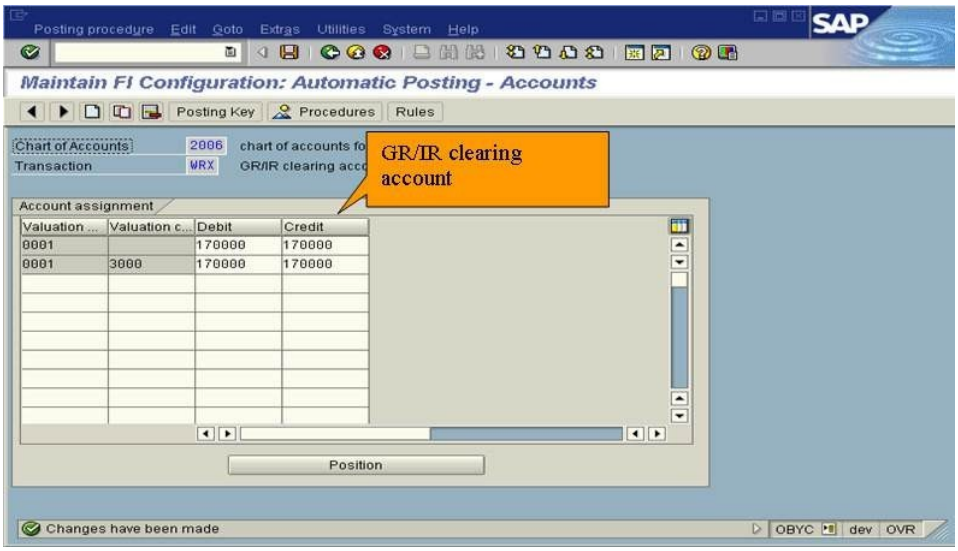


Figure 144

if you want make any changes to the automatic determination of accounts come to OBYC and make necessary changes.

Creation of Material Master Record: Path: Logistics-Material management-material master-material-create general-mm01 immediately

Give industry sector: (help available)
Give material type: raw material(help available) Click on views button
Select basic data 1; purchasing ; general plant data/storage1; accounting1; and costing1
Click on organizational levels,
Give plant:2006 and storage location:2006
Continue system displays the master record layout for the material with material number:857
Give the basic data 1 details: basic unit of measurement: ea Material group:1104
Division:01 press<enter> in purchasing data Give purchasing group:000(
In accounting 1 data give valuation class:3000(raw materials) price control:V Price:5000/- each

Save it. The system will give the material no.857 saved message. We can create any number of materials like this or by using the copy of the reference

material also we can create the material master. The rate we mentioning in the master is the raw material cost of the unit of measurement what we have mentioned in the master record.

Create/change the vendor master record either in xk01 or xk02 (if it is opened in fk01) Change the field status variant group where the mm fields are there Give the number ranges for the document types used in material transactions:

Document type: RE: gross

invoice receipt WE: Goods

receipt

WI: inventory document.

Creation of purchase order:
Path: logistics-material management-purchasing-purchase order- create-me21vendor/supply plant known.
Select standard
purchasing order Give
vendor number: 661006
Click on header data button(left corner)
Give purchasing organization:2006 purchasing group:000; company code:2006
Under item column give material number :857
purchasing quantity:10; delivery date and plant:2006 and storage location 2006
Give the net
price :5000/- And save
the purchase order
Standard purchase order under the number 4500014514(no entry either in material management or accounting department will be created at this point of time)

Goods Receipt: path: logistics-material management-inventory management-goods movement **–migo goods movement**

Give purchase order : 4500014514
Give delivery note number: any number
Press<enter>(system displays the raw material type and

number along with the quantity ordered

Select the check box: **item OK**

To check any mistakes click on check option otherwise select post button to post the goods receipt

(if there is no mistakes the system show document OK with green signal) other error message.

The system gives the message material document was posted with number:5000006981

Verify the material document in the menu mb02
change Material document shows material details and quantity details
Select the accounting document option. The accounting entry is generated as under

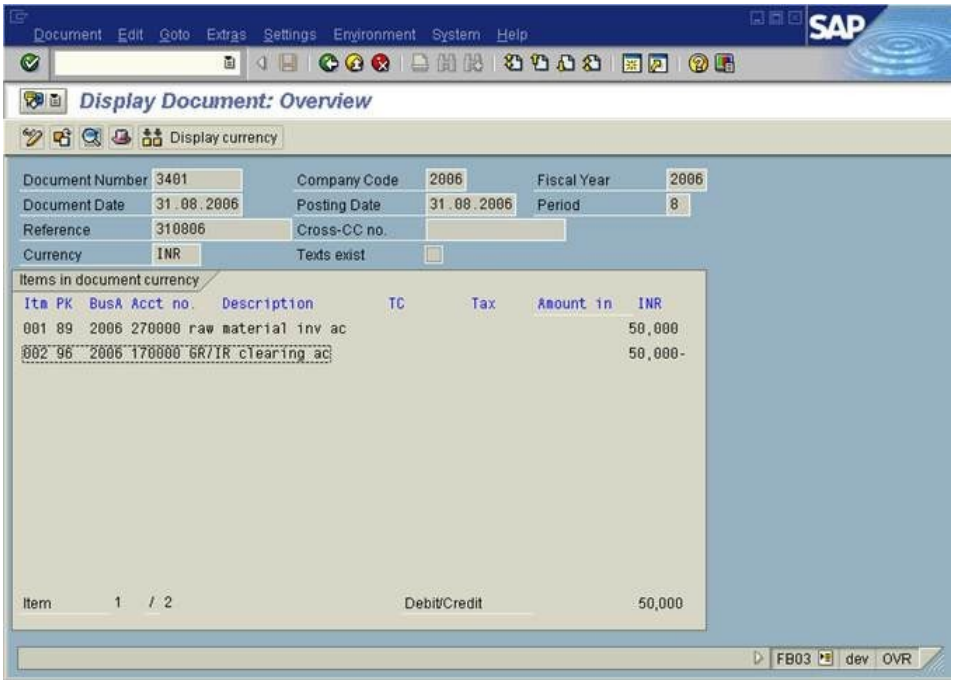


Figure 145

Invoice verification: path: logistics-material management-logistics invoice verification-document entry- MIRO enter
enter invoice date:
give purchase order number
specify the tax code:i1 and select the calculate tax check box
click on payment button and give base line date and go

back to basic data give the amount total(tax amount +

basic cost of raw material) <enter>

the extreme right corner top balance column will be zero and give green signal click on simulate button

the system shows the entries to post again.

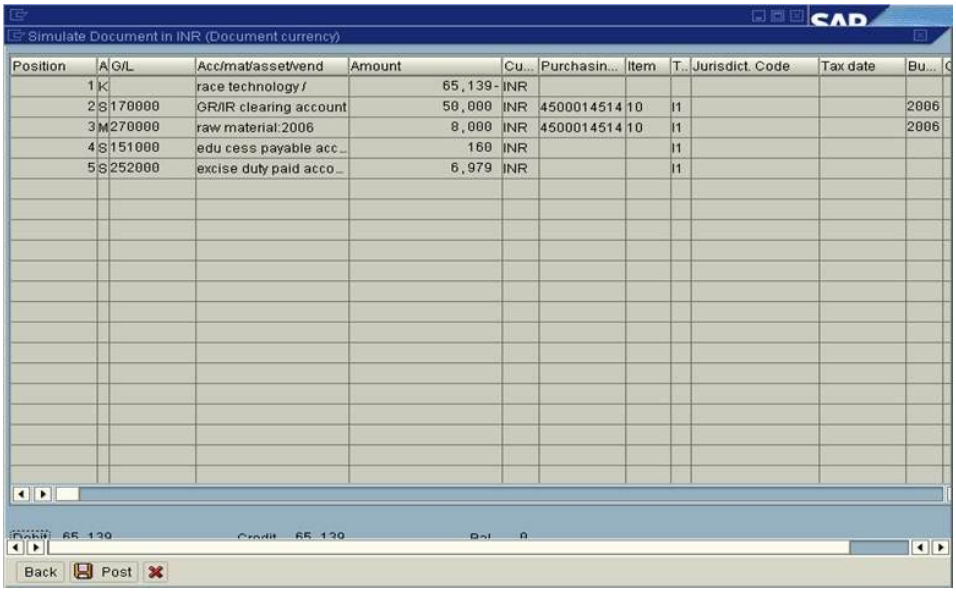

Simulate Document in INR (Document currency)
Position A G/L Acc/mat/asset/vend Amount Cu... Purchasin... Item T.. Jurisdict. Code Tax date Bu...
1 K race technology / 65,139- INR
2 S 170000 GR/IR clearing account 50,000 INR 4500014514 10 I1 2006
3 M 270000 raw material:2006 8,000 INR 4500014514 10 I1 2006
4 S 151000 edu cess payable acc... 160 INR I1
5 S 252000 excise duty paid acco... 6,979 INR I1
Back
Post

Figure 146

The first line item is crediting to the vendor account :65139 (50000cost+15139taxes)

The second line item crediting to GR/IR account with :50000(basic cost debited in the previous step)

Third line item I have selected the excise duty paid posting indicator as (3) while defining the access key hence the excise duty is added back to the raw material inventory account. If you select the posting indicator as (2) separate line item it would be debited that particular as the case like educes and vat paid

And post transactions. Document was created with number: 5105606362 go and verify the document and accounts

Display invoice document in tc: MIR4
Click on follow on document to verify the accounting document Verify the accounts whether properly updated or not.

INTEGRATION WITH SALES AND DISTRIBUTION:

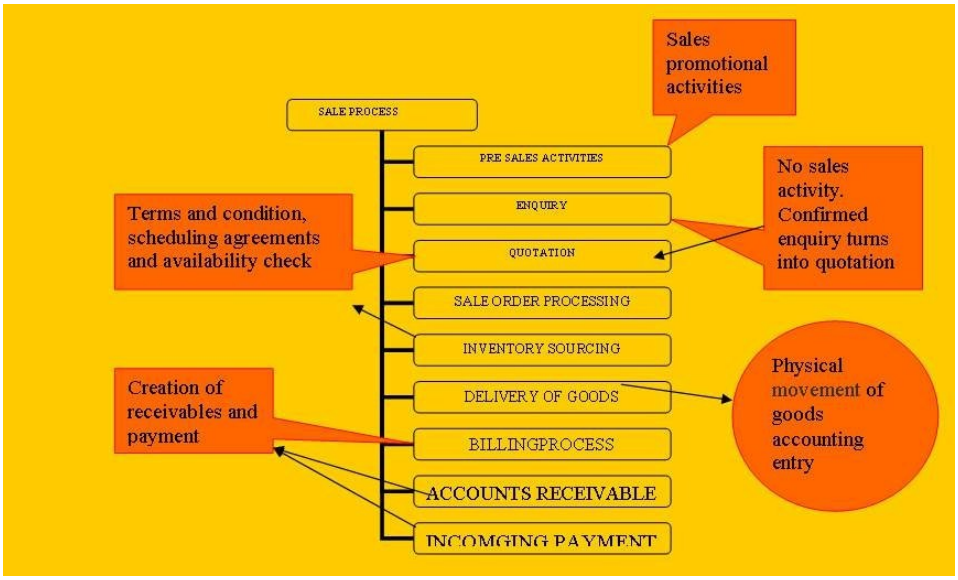


Figure 147

Assigning pricing procedure: path: spro-rimg sales and distribution- basic functions-pricing-pricing control-define and assign pricing procedure: TC: OVKK

Double click on pricing procedure determination. Click on new entries give the details and save the data

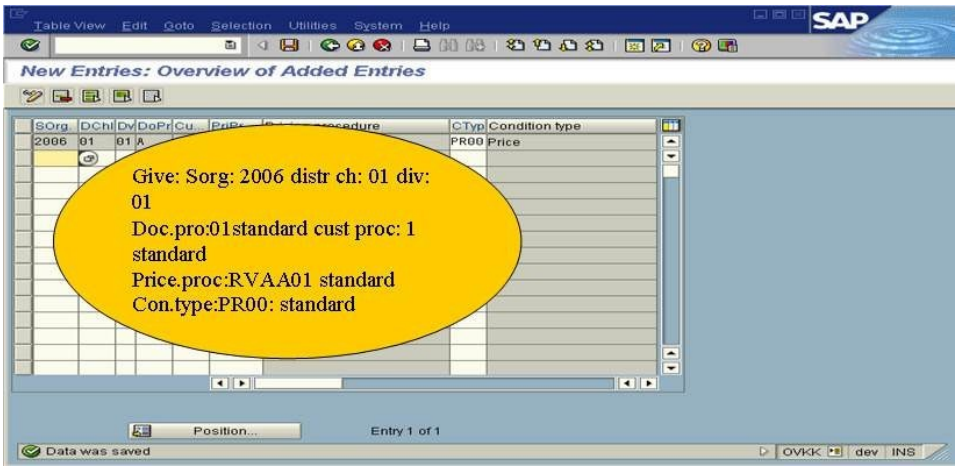


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
SOrg DChl Dv DoPr Cu... CTyp Condition type
2006 01 01 A PR00 Price
Give: Sorg: 2006 distr ch: 01 div: 01
Doc.pro:01standard cust proc: 1 standard
Price.proc:RVAA01 standard
Con.type:PR00: standard
Position...
Entry 1 of 1
Data was saved
OVKK dev INS

Figure 148

To check the pricing procedure, go back to pop up menu:
Click on maintain pricing procedure
Click on position button give pricing procedure: RVAA01

Select the pricing procedure and double click on control data
Deselect the mandatory check box against the condition type: PR00 and MWST save

Define tax determination rules: path: up to basic functions same
Select taxes-define tax determine
rules; Click on new entries
Give country code: IN sequence number: 1 and tax code: mwst.enter and save.

Assign GL accounts: path: up to basic functions same<account assignment/costing>revenue account determination-assign GL accounts (vok15) TC: VKOA.
Double click on custgrp/material grp/ack key
Click on new entries button

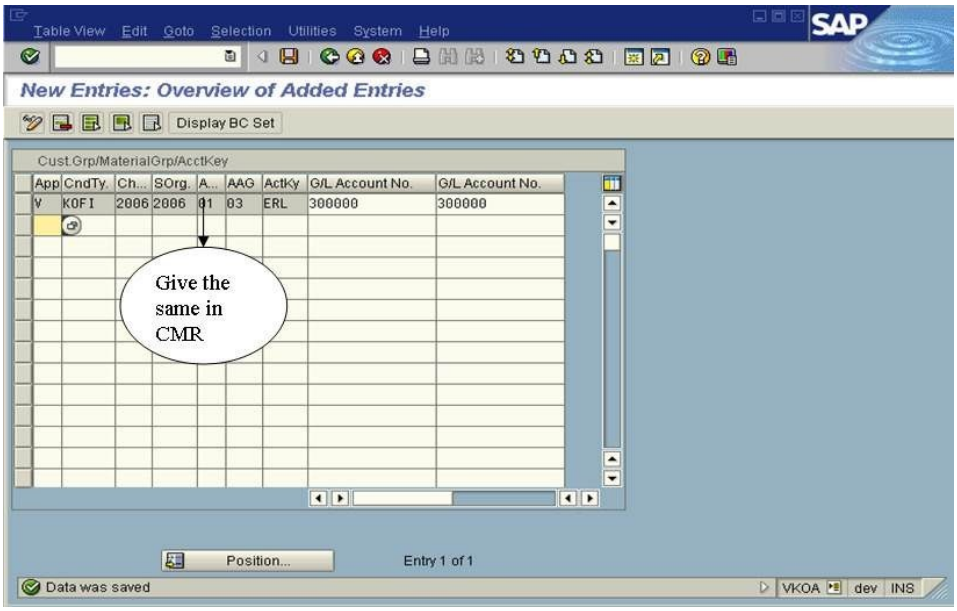


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Display BC Set
Cust.Grp/MaterialGrp/AcctKey
App CndTy. Ch... SOrg. A... AAG ActKy G/L Account No. G/L Account No.
V KOFI 2006 2006 01 03 ERL 300000 300000
Give the same in CMR
Position...
Entry 1 of 1
Data was saved
VKOA dev INS

Figure 149

Give the details as mentioned in the figure and save the data

Partner functions/determinations: We have to define the partner functions in sales and distribution module and accordingly make the sale process activities mentioned in the partner determinations. The partner functions are as under

SP: Sold to Party: The person actually makes the sales is called as sold to party. In many case he will be

Person to make the payment, receive the goods, bill to be made in his name the payment is also received from him only

SH: Ship to Party: In same instances, the sold to party is one, and at the instructions of the sold to party

We make the shipment of goods to some other party; the different party is called ship to party. Generally ship to party only receives the shipment on behalf of sold to party.

BP: Bill to party: The sale transaction done by sold to party, and the goods received by the ship to party, and the actual invoice is to be raised in the name of another party i.e. Bill to party.

PY: Payer: The person who makes payment to the company is known as payer, he may the different person from the above three or one among the above three parties.

These partner functions were already defined by the SAP we can use them according to our requirement.

Assign the partner functions to customer account groups:

Spro-rimg-sales and distribution-basic settings-partner determinations-setup partner determinations-set up partner determinations for customer master record:

Double click on partner functions (in the dialog structure box in the left side)

Click on position button give partner function: sp, sh, bp, py (individually)

Double click on account group-customer

Give the partner functions and the customer account group and save the data
Go back sub menu(determine the partner procedure) Click new entries
Give the procedure name :2006(4 character code and description of the procedure)
And save the data
Select the procedure:2006
Double click on partner functions in procedure Click on new entries button

Give all the partner functions and give the details as under and save the data

Partner dert.procedure	partner functions	non modifiable	mandatory
2006	sp	X	X
2006	sh		X
2006	bp		X
2006	py		X

Assignment of partner function procedure to account group: Double click on partner function procedure assignment Click on position button and give customer account group And give the partner procedure function and save the data.

Create the customer master in sales area i.e. (xd01 or change existing customer Xd01with sales area details)

Give the customer account group:2006 Company code:2006 Sales organization:2006 Distribution channel:01 Division:01 and continue

Give the general details and company code details and click on sales area under that in sales tab button

Give customer pricing procedure:1 and click on shipping tab button Delivery priority:02 normal Shipping priority:01 as soon as possible Delivery plant:2006 and click on billing tab button Select price determination check box

Incoterms: cif vijayawada Give terms of payment:2006

Account assignment group:01(domestic revenues)

Give tax classification as 1 i.e. liable. (Tax category MWST default comes)

Create Material Master Record for finished Goods: Logistics-sales and distribution-master data-products-material-other material-MM01

Give industry type:

Give the material type: finished

product. Click on select views
button
Select the views basic data 1and 2; sales and gen.plant data; mrp1; general plant data and storage1; accounting 1 ;costing 1 and costing 2
Select organizational levels,
Give plant , storage location sales organization and distribution channel continue

In basic data column give : unit of measurement: a
material group:1104 mechanics
Division:01 gross weight and net weight>press enter>
Click on sales organization data1 and give the delivery
plant:2006 Under tax data give 1 full tax
And click on sales org. data 2 and give the account
assignment group:03 finished goods
Click on sales and general
plant data Give availability
check:kp no check
Transportation group:0001 and loading
group:0003 Click on purchasing data and
give purchasing group:000 Press enter
Give mrp type: nd : no planning
In accounting 1 column give valuation class:7920 price
control:s standard price:8000
Save the data material:867
Create another material with ref to this material

Assign shipping point: spro-rimg –logistics execution-shipping-basic shipping functions-shipping point and goods receiving point determination-assign shipping points
Give shipping cond; 01 loading group: 003 plant:
2006 and pro Posed shipping point: 2006 save
the data.

Maintain the condition records and condition types ?
(proo, mwst): path: vk11
Give condition type: PROO and
press<enter> Select material with
release status and continue
Give sales organization and distribution channel and
give the material number :867 <press enter>
Change the valid on period: previous
date010406 Give the price: 8000 and
save and go back
Give the condition type:
MWST<enter> Select domestic
taxes and continue
Give country name: in change the validity period of the condition
Give tax for customer: 1(liable) and tax for material:
01(full tax) tax code o1 and save

Specify general ledger account for account key:
(MWS): OB40 Select the account key: MWS

Give chart of accounts: 2006
Give the tax code: o1 and give the vat payable account save

CREATE SALES ORDER: PATH: Logistics-sales and distribution-sales- order-VA01
Give order type: OR standard order
Give sales organization and distribution channel and division and press enter
Give the sold to party: customer number: 600506 and date
Give material number:867 and order quantity:10 and verify the delivery date click on shipping button the date would 14 days after the sale order by default. Mat .ava. Date: 14.09.06
To verify the incomplete details go to menu item edit<incomplete log> system show the incomplete details to be furnished if any,
Save the data if the document is complete
in all aspects Sales order 8191 was created

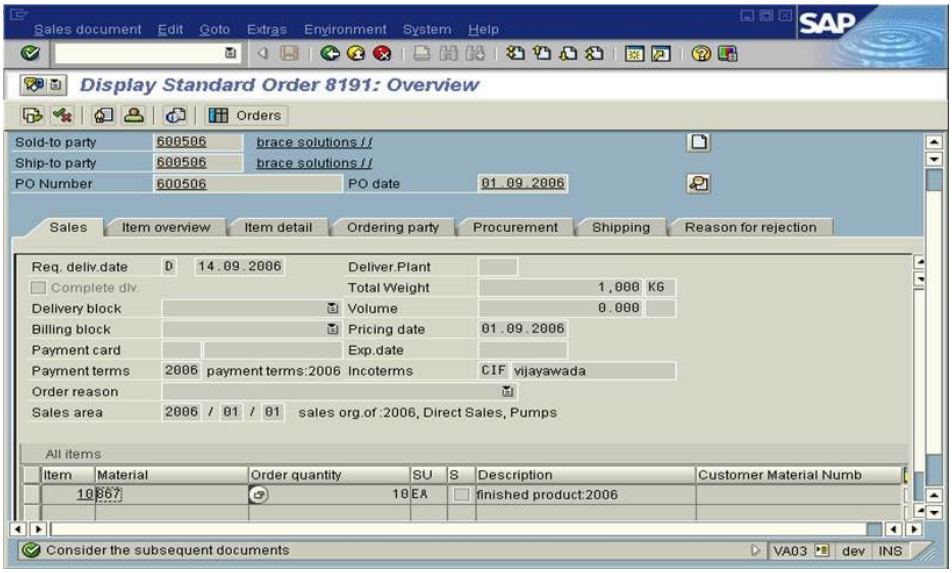

Sales document Edit Goto Extras Environment System Help
SAP
Display Standard Order 8191: Overview
Orders
Sold-to party 600506 brace solutions / /
Ship-to party 600506 brace solutions / /
PO Number 600506 PO date 01.09.2006
Sales Item overview Item detail Ordering party Procurement Shipping Reason for rejection
Req. deliv.date D 14.09.2006 Deliver.Plant
Complete div. Total Weight 1,000 KG
Delivery block Volume 0.000
Billing block Pricing date 01.09.2006
Payment card Exp.date
Payment terms 2006 payment terms:2006 Incoterms CIF vijayawada
Order reason
Sales area 2006 / 01 / 01 sales org.of :2006, Direct Sales, Pumps
All items
Item Material Order quantity SU S Description Customer Material Numb
10 867 10 EA finished product:2006
Consider the subsequent documents
VA03 dev INS

Figure 150

Goods receipt for sale orders: (from plant or storage location to sales point)
Path: logistics-material management-inventory management-goods movement-goods receipt-MBIC others:

Give movement type: 561: entry of initial stock for UN restricted use
Give plant: 2006
Storage location: 2006 and <press enter>
Give material number and

quantity<enter>and save Goods receipt
document 4900028651 was posted

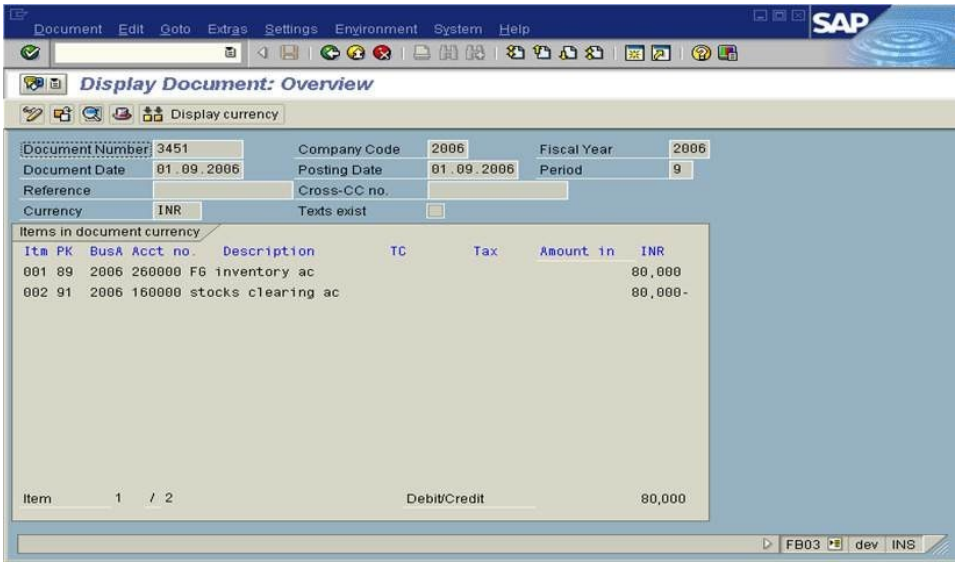


Figure 151

since the finished good stock is increased and crediting to stock clearing account. This is the accounting entry and the material document created and updates the physical goods with quantity.

Out bound delivery of goods: path:

Logistics-sales and distribution-shipping and transportation-outbound delivery-create –single document

Give shipping point: 2006

Selection date: change to the material available date:

i.e.14.09.06 Give the order: 8191

Press enter

Give the pick quantity

Click on post goods issue button the system creates the delivery document and

Verify the document in FB03 and go for the billing of the document.

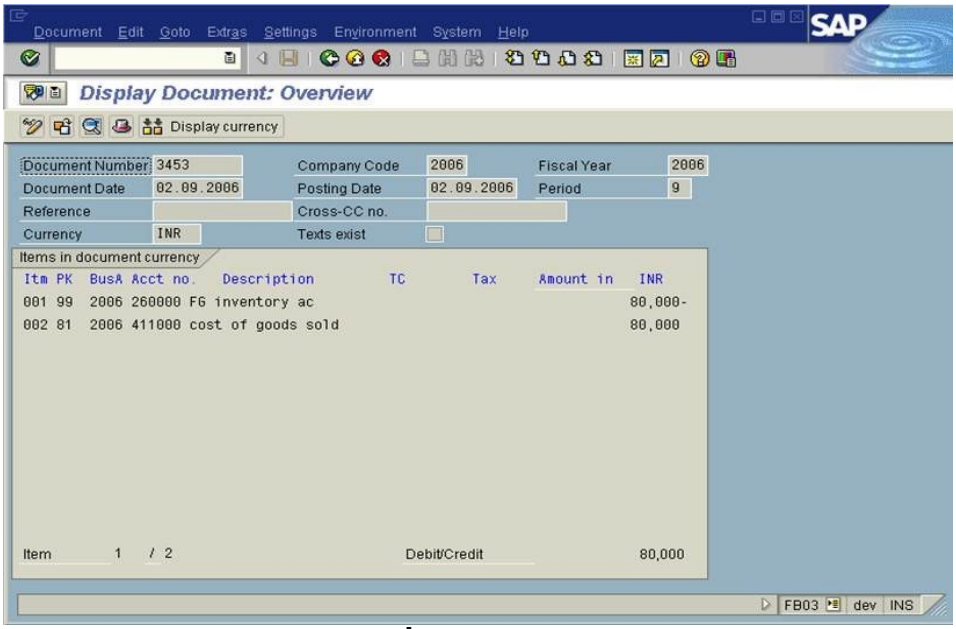


Figure 152

When we sold the goods, the finished goods account is credited with and the cost of goods sold is debited with the amount. The material document will reduce the physical stock.

Billing of document

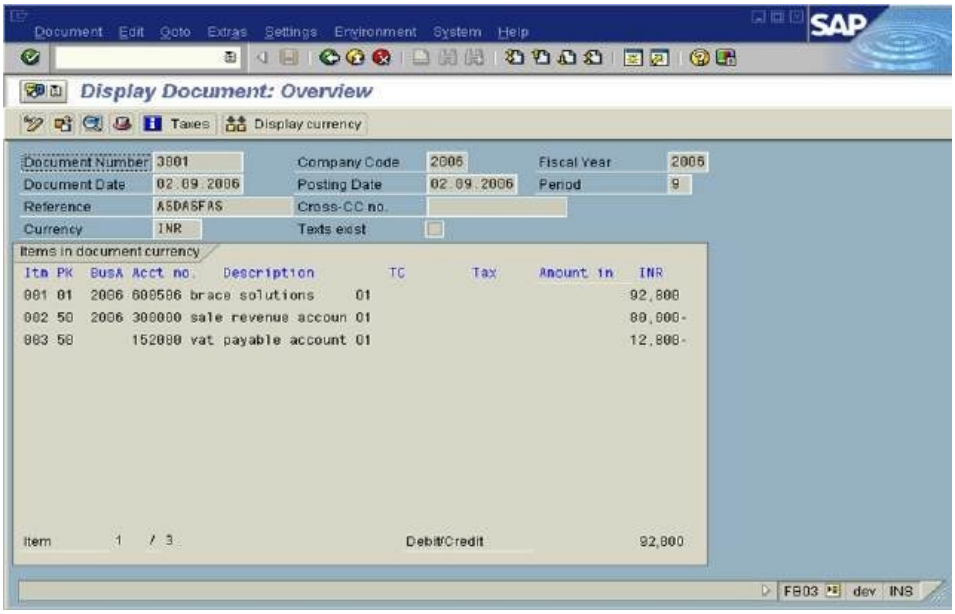


Figure 153

While making the billing document the system raises the accounting entry in accounts receivable accounts or customer account. The entry is appearing as above. We can follow up for the incoming payment as per the payment terms.

CHAPTER 5

Cash Journal

Cash journal account:

Cash journal is a new tool used to post th237237e cash receipts and payments. With this new tool we can post the general day to day expenses, vendor cash payments, customer cash receipts for small invoices, and post them either regularly or periodically. Some times it can be considered as petty cash book to make the petty expenses during the business transactions. To maintain the cash book we need to follow the under mentioned procedure. We can define any number of cash journal accounts currency wise, different cash journal accounts per company code wise. Otherwise we can maintain the cash journals account type wise also if the project definitions required.

1. Define the Cash Journal Account: in FS00: the parameters are same as bank account. Additionally we need to select the Post automatically check box.

2. Define select the account types for posting the cash journal transactions: path: TC:OBA7 we have to select the document types. Generally following document types are used in cash journal.
   SA: general ledger
   transactions KZ: vendor
   payment transactions
   DZ: customer payment transactions,

3. **Define the number ranges for permitted document types:**
   We have to define the separate number ranges for the document types used for cash journal transactions if required. Otherwise the same number ranges can be used for the same document types selected.

Set up cash journal account:
Path: financial accounting-Bank accounting-business transactions-cash journal-setup cash journal-FBCJC0:

Click on new entries button and give the details as under: Give the company code: 2006
Give the cash Journal code:

2006(4character code)Give the cur

rency code: INR

If you select the Cash Journal closed check box the particular cash journal can not be used to for postings and same is treated as closed cash journal account.

Give the document types which can be processed through the cash journal account

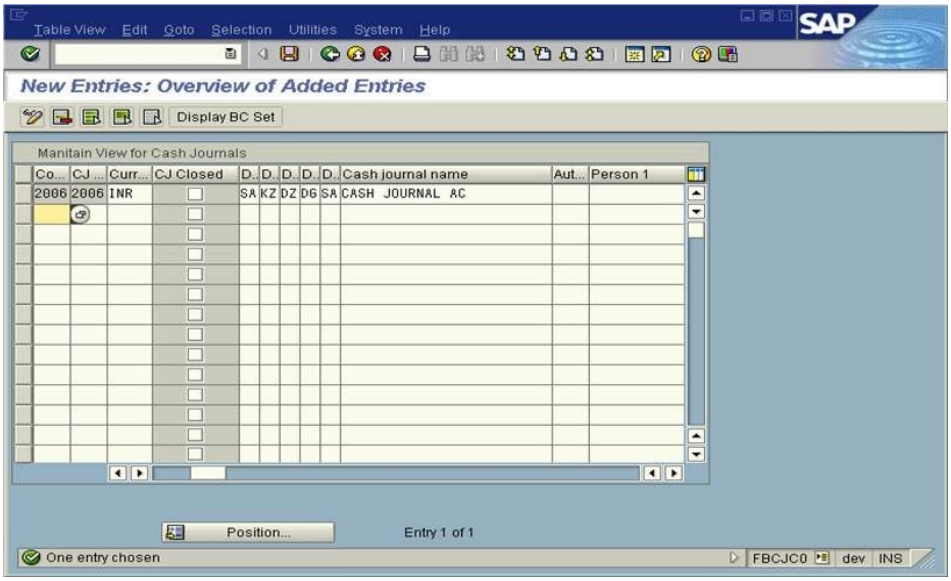


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Display BC Set
Manitain View for Cash Journals
Co... CJ ... Curr... CJ Closed D.. D.. D.. D.. D.. Cash journal name Aut... Person 1
2006 2006 INR SA KZ DZ DG SA CASH JOURNAL AC
Position...
Entry 1 of 1
One entry chosen
FBCJC0 dev INS

Figure 154

Give the description of the cash journal account and authorized person names And save the data.

Create, change, and delete business transactions: path is same above and the TC: FBCJC2

We have to define specify the business transactions to post the information through the cash journal account. These business transaction types are the important to process the records in cash journal account. With in the cash journal account we can set the business transactions types to deal with. Different cash journal may contain different business transactions. The business transactions are defined by SAP. We can use them for the project requirement.

Business transaction categories:

E:

expenses

R:

revenues

B: from cash journal to bank or cash transfer from cash journal to bank C: from bank to cash journal or cash transfer from bank to cash journal K: accounts payable* we need not mention individual master records in the cash journal account.

D: receivables;* we need not mention individual master

records in the cash journal account

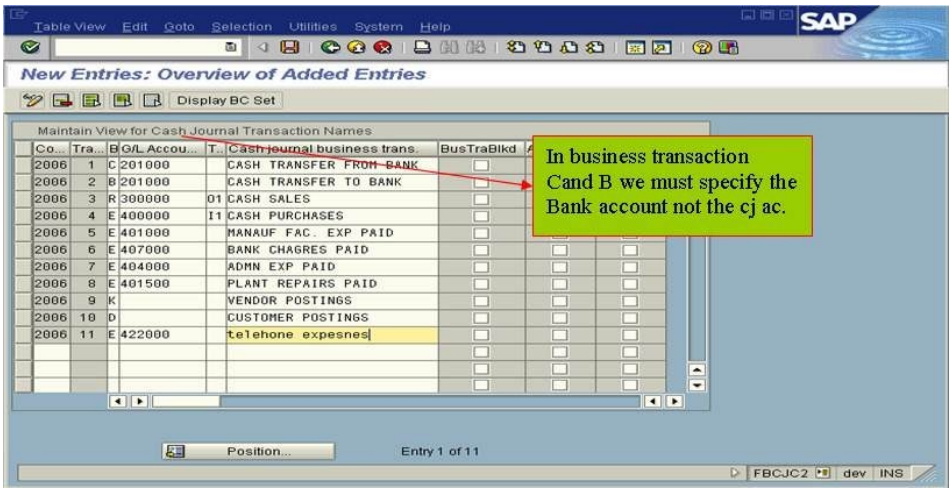


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Display BC Set
Maintain View for Cash Journal Transaction Names
Co... Tra... B G/L Accou... T... Cash journal business trans. BusTraBlkd
2006 1 C 201000 CASH TRANSFER FROM BANK
2006 2 B 201000 CASH TRANSFER TO BANK
2006 3 R 300000 01 CASH SALES
2006 4 E 400000 11 CASH PURCHASES
2006 5 E 401000 MANAUF FAC. EXP PAID
2006 6 E 407000 BANK CHAGRES PAID
2006 7 E 404000 ADMN EXP PAID
2006 8 E 401500 PLANT REPAIRS PAID
2006 9 K VENDOR POSTINGS
2006 10 D CUSTOMER POSTINGS
2006 11 E 422000 telehone expesnes
In business transaction Cand B we must specify the Bank account not the cj ac.
Position...
Entry 1 of 11
FBCJC2 dev INS

Figure 155

Give the company code: 2006

Transaction serial number displays automatically,

Give the business transaction Id as mentioned and the respective control general ledger account number:

Give the description of the business transaction or general ledger name;

While processing the transactions, if you want levy the tax give the tax code in the column provided.

If you select the Business transaction blocked check box. The cash journal does not permit the further postings through these transactions.

If you select the account modification check box, system permits to change the general ledger account number during the posting of transactions.

If you select the tax modifications check box it permits to change the tax code during the posting of transactions. As per the requirement of the project we can select these check boxes.

The business transaction type K and D vendor transactions and customer transactions, we need not define any account numbers specifically.

Set up the print parameters for cash journal account: path: is same: TC: FBCJC3

Select the company code:

1000 Click on copy as

function;

Change the company code: 2006 and press enter And save the data.

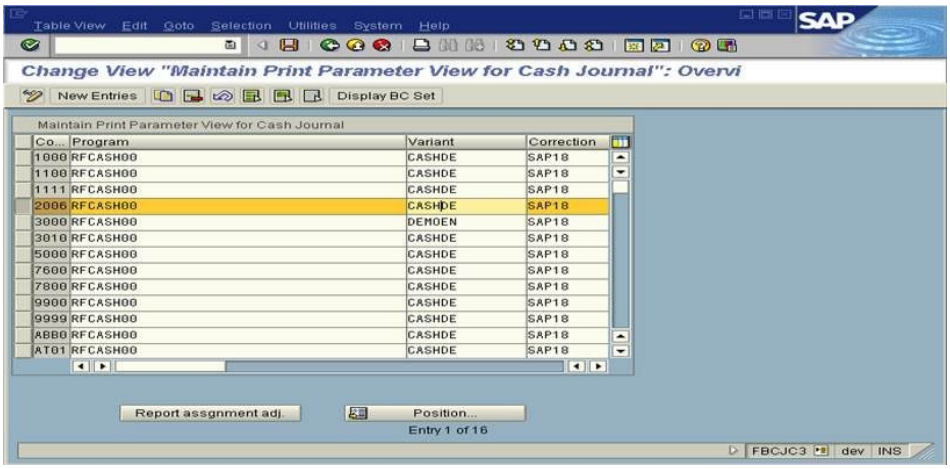


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Maintain Print Parameter View for Cash Journal": Overvi
New Entries
Display BC Set
Maintain Print Parameter View for Cash Journal
Co... Program Variant Correction
1000 RFCASH00 CASHDE SAP18
1100 RFCASH00 CASHDE SAP18
1111 RFCASH00 CASHDE SAP18
2006 RFCASH00 CASHDE SAP18
3000 RFCASH00 DEMOEN SAP18
3010 RFCASH00 CASHDE SAP18
5000 RFCASH00 CASHDE SAP18
7600 RFCASH00 CASHDE SAP18
7800 RFCASH00 CASHDE SAP18
9900 RFCASH00 CASHDE SAP18
9999 RFCASH00 CASHDE SAP18
ABB0 RFCASH00 CASHDE SAP18
AT01 RFCASH00 CASHDE SAP18
Report assgnment adj.
Position...
Entry 1 of 16
FBCJC3 dev INS

Figure 156

The print programme : RFCASH00 and the variant is CASHDE
Post the transactions in cash journal accounts: path; accounting-financial accounting-general ledger-document entry-fbcj cash journal
Click on change cash journal option (to select the cash journal to post the transactions)

Select the date: by clicking today button: or can change manually,
Click on cash receipt option: give the cash receipt id and post the amount And give the Bank account number and select the transaction and post the amount by clicking on the post selected entry option button(till the red signal indicator changed to green and system shows the received balance the cash journal balance with the amount posted as under.

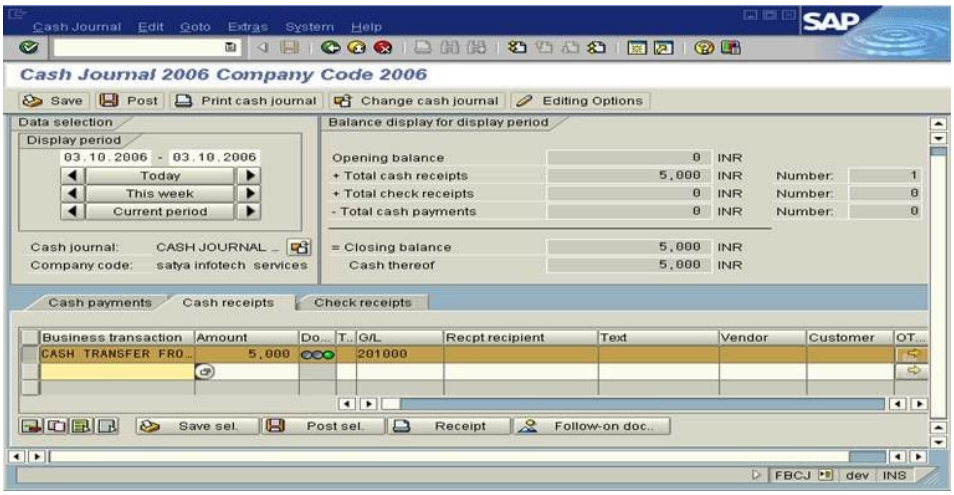


Figure 157

To print the cash journal click on print cash journal option change the variant name (latter displayed) and
Post the payments by selecting the payment transactions. Click on payment transactions: give the business transaction ids And the payments amounts and
click the post transaction button.

To print the cash journal account click on print option and change the variant name as under
Opening balance text: FI_CASH_BB Closing balance text: FI_CASH_EB Transfer text:

FI_CASH_CF
Title text: FI_CASH_SI
And execute we can see the report as under.

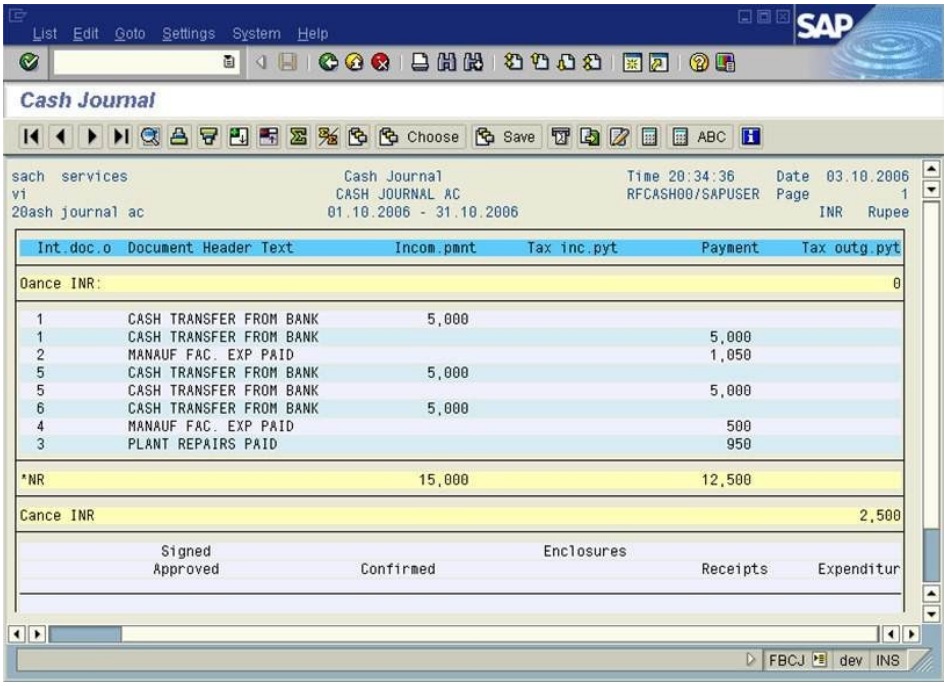


Figure 158

We can see the receipts and payment made through the cash journal account. Generally the cash journal is used to meet the petty cash requirement in the organization. Regular cash payments will be posted at defined intervals to the respective general ledger accounts in respect of day

to day small expenses. We can assign the cost centers, activity types and other organizational units to the cash journal transactions. We can make the small payments to vendors through the cash journal account.

CONFIGURATION OF PAYMENTS THROUGH PAYMENT BY CARDS:

This is one of the most prevalent methods of payment. This type of settlement may be called as settlement through plastic money. These types of payments are familiarized in western or Europe countries long back. We have to loose a good business, if you are reluctant to allow the plastic money. It is also secured payment method in the organization point of view. Hence we not only allow this type of business, the soft wear should also support this functionality. SAP is supporting this functionality perfectly. However, this Payment by Card is a cross application component. As an Fico consultant we need to define some configuration steps. Most of the configuration requirements are dealt by Sales and Distribution Consultant. However, in this context both the configurations are dealt to enable the students/ jr.consultants for understand perfectly.

Pre requisite General ledger accounts:

1. **Accounts receivable –credit card: as a clearing account.**
2. **Bank account-credit card payment posting account: clearing account (as bank a/c parameters)**

Define the document types for payment cards: path: financial accounting-accounts receivables and accounts payables-business transactions-payments with payment cards-Make central settings for payment cards- TC: CCFI

Give the document type for the settlement of payment by

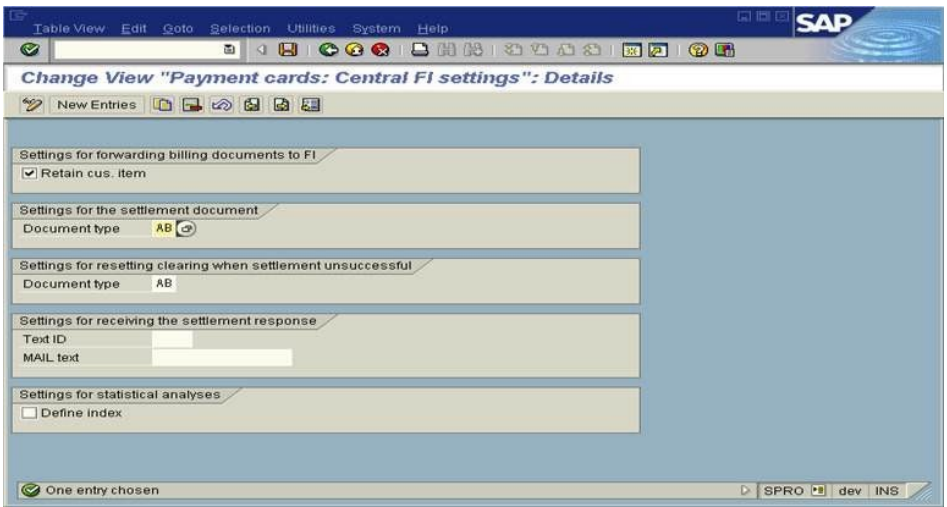


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Payment cards: Central FI settings": Details
New Entries
Settings for forwarding billing documents to FI
Retain cus. item
Settings for the settlement document
Document type AB
Settings for resetting clearing when settlement unsuccessful
Document type AB
Settings for receiving the settlement response
Text ID
MAIL text
Settings for statistical analyses
Define index
One entry chosen
SPRO dev INS

cards: the screen appears as under:

Figure 159

Select the retain customer item check box .This will enable to post the amount to payment card receivable account as soon as the billing document is created. Give the document type ab and save the data.

Assign GL account to Cash clearing account: path: financial accounting- accounts receivables and accounts payables-business transactions- payment with payment cards-assign GL account to cash clearing account: CCAA

Click on new entries button

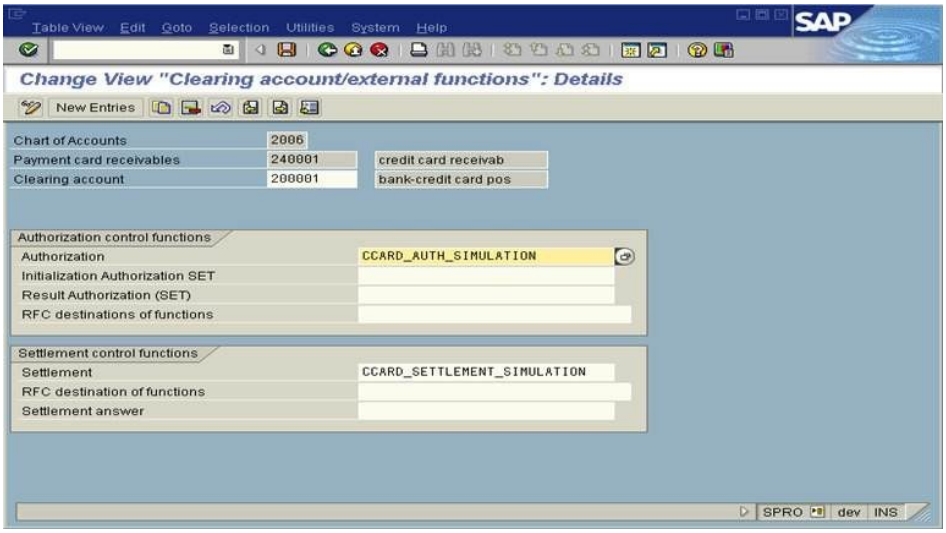


Figure 160

Give the chart of accounts: 2006
Give the payment card receivable account: 240001
Give the cash clearing account: 200001(opened for card payment purposes) Give the authorization control function and settlement control function as above and save the data.
You can use the copy as function and change the accounts as per the project and save the data the screen will appear as above.

These two activities are the main activities of the fico consultant. The remaining activities have to be undertaken by the SD consultant. Those are as under;

Maintain card types: sales and distribution-billing-payment cards- maintain card types: OVK2.
Click on new entries button

Give the 4 character id for card type: VISA

Give the description of the card: visa card
Function name to check the card and date type as month: this will specify the expiry date format
Virtual card type: whether you want process with real cards or internet transactions. The screen will appear as under
Save the data.

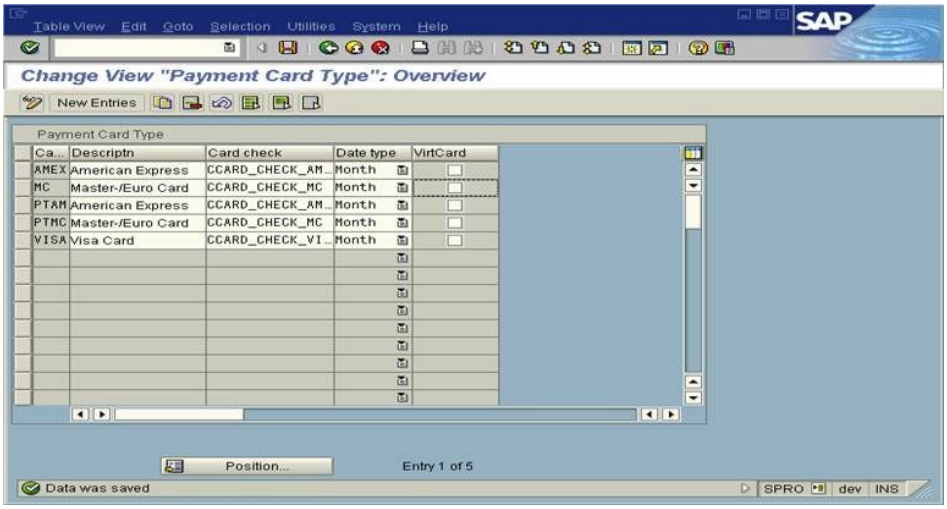


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Payment Card Type": Overview
New Entries
Payment Card Type
Ca... Descriptn Card check Date type VirtCard
AMEX American Express CCARD_CHECK_AM... Month
MC Master-/Euro Card CCARD_CHECK_MC Month
PTAM American Express CCARD_CHECK_AM... Month
PTMC Master-/Euro Card CCARD_CHECK_MC Month
VISA Visa Card CCARD_CHECK_VI... Month
Position...
Entry 1 of 5
Data was saved
SPRO dev INS

Figure 161

Define credit card categories: the category specifies the type and nature of the card. Whether it is a credit card, procurement card like that.
Path is same as above:

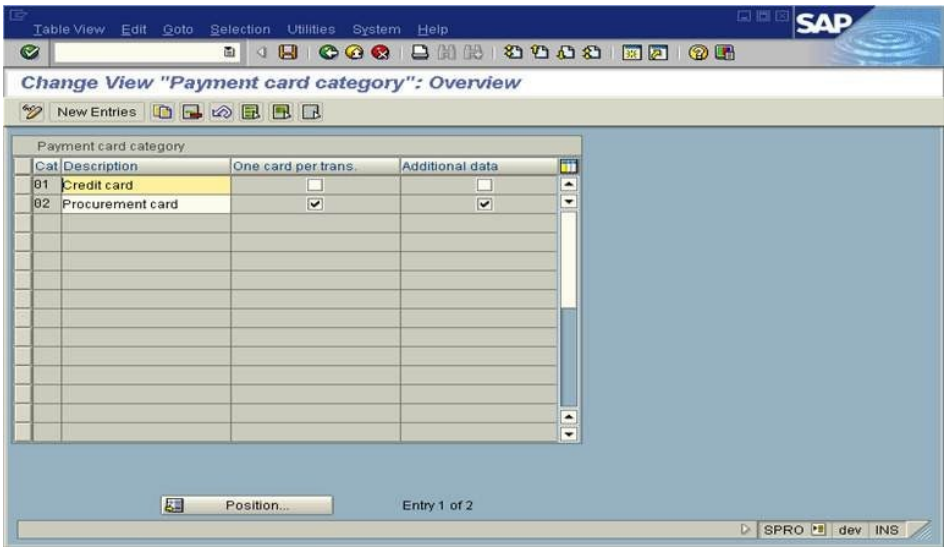


Figure 162

give category 01 description credit card: if you want restrict the transactions per single card select the one card per transaction check box other wise leave blank. And save the data.

Determine the card categories: path is same: OVK1 in this configuration we specify the card numbers for the card issuing company. The screen appearance will be as

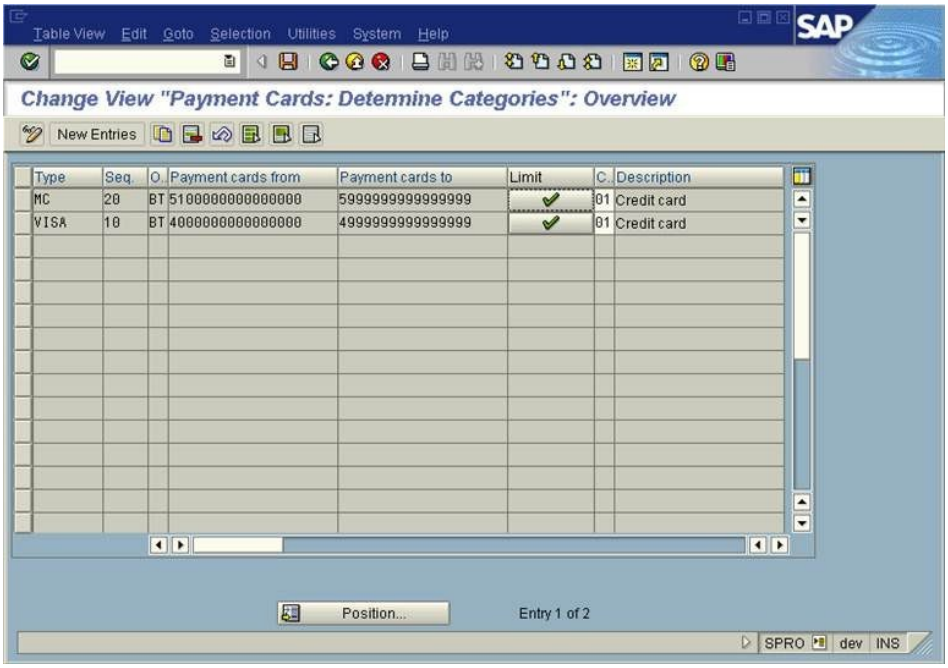


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Payment Cards: Determine Categories": Overview
New Entries
Type Seq. O. Payment cards from Payment cards to Limit C. Description
MC 20 BT 5100000000000000 5999999999999999 01 Credit card
VISA 10 BT 4000000000000000 4999999999999999 01 Credit card
Position...
Entry 1 of 2
SPRO dev INS

under

Figure 163

give the card type: visa or mc

give the sequence number for searching the number

cards from number and to number: issued by the card issuing company

give the card type: 01 credit card to the card category and save the data: the appearance of the screen as under.

If you want to add the new number interval click on limit button and give the number ranges and save the data.

Assign payment card plan type to sale document types: path is same as above: OVZP

Click on position

button: Give sale

document type: OR

Give the payment card plan type: 03 (defined by sap)

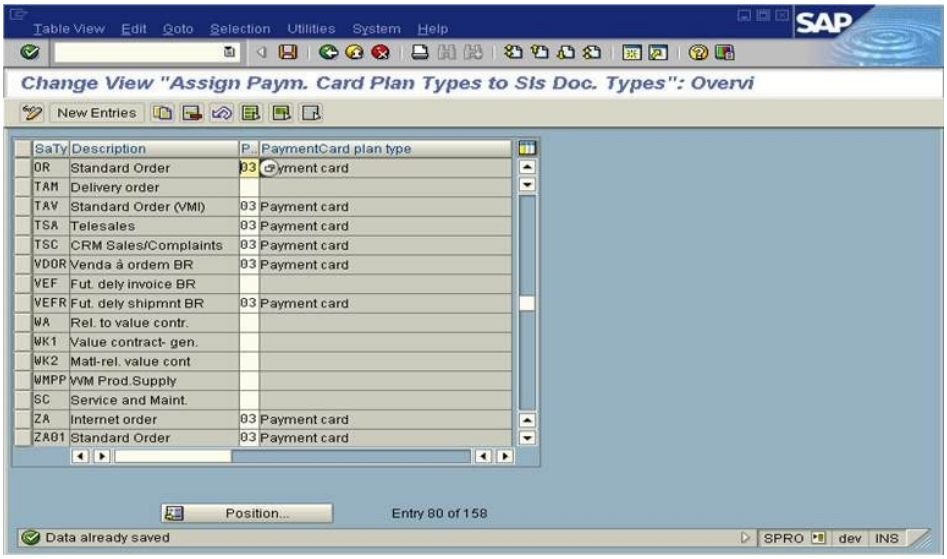


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign Paym. Card Plan Types to Sls Doc. Types": Overvi
New Entries
SaTy Description P.. PaymentCard plan type
OR Standard Order 03 yment card
TAM Delivery order
TAV Standard Order (VMI) 03 Payment card
TSA Telesales 03 Payment card
TSC CRM Sales/Complaints 03 Payment card
VDOR Venda à ordem BR 03 Payment card
VEF Fut. dely invoice BR
VEFR Fut. dely shipmnt BR 03 Payment card
WA Rel. to value contr.
WK1 Value contract- gen.
WK2 Matl-rel. value cont
WMPP WM Prod.Supply
SC Service and Maint.
ZA Internet order 03 Payment card
ZA01 Standard Order 03 Payment card
Position...
Entry 80 of 158
Data already saved
SPRO dev INS

Figure 164

If you want to block the card define the block reason and assign to the master record of the customer who makes the payment.(OVAC)

Define merchant Ids: Each merchant who uses the card types are supplied with the unique number. Id is used identify the merchant in the payment card system. We have to define the merchant id and assign to the card types.

Assign GL accounts: path: sales and distribution-billing-payment by cards- authorization and settlement-maintain clearing house-account determination- assign GL accounts OV87

Double click on sales.org/card type:006

Click on new entries button give the details and the screen will appear as under;

Give the application area: VD condition type: A001 chart of accounts: 2006 sales org.:2006 card type: 2006 and General Ledger account number: 240001(card receivable account).

Create the sale order: VA01:

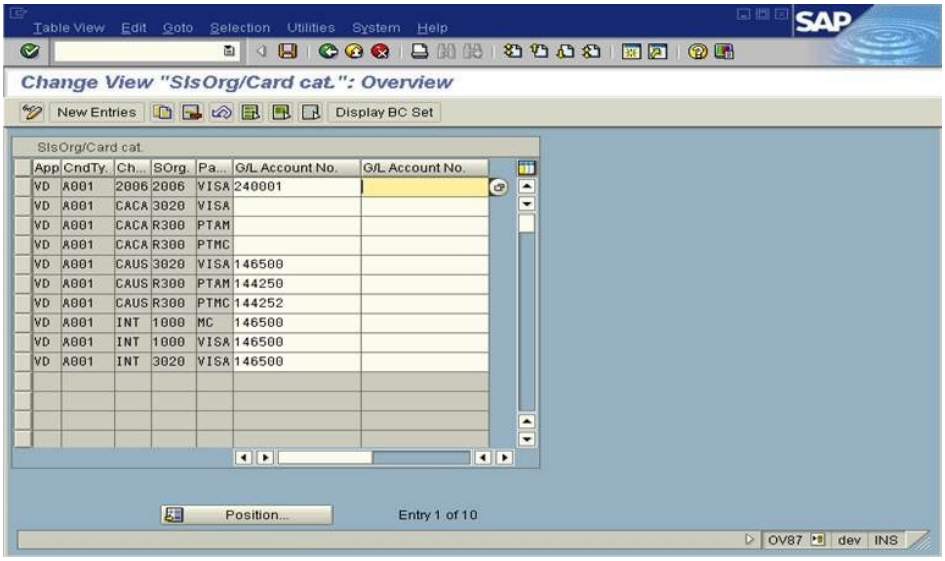


Table View Edit Goto Selection Utilities System Help
SAP
Change View "SlsOrg/Card cat.": Overview
New Entries
Display BC Set
SlsOrg/Card cat.
App CndTy. Ch... SOrg. Pa... G/L Account No. G/L Account No.
VD A001 2006 2006 VISA 240001
VD A001 CACA 3020 VISA
VD A001 CACA R300 PTAM
VD A001 CACA R300 PTMC
VD A001 CAUS 3020 VISA 146500
VD A001 CAUS R300 PTAM 144250
VD A001 CAUS R300 PTMC 144252
VD A001 INT 1000 MC 146500
VD A001 INT 1000 VISA 146500
VD A001 INT 3020 VISA 146500
Position...
Entry 1 of 10
OV87 dev INS

Figure 165

Give the payment card type: Visa card Number: and Expiry date:

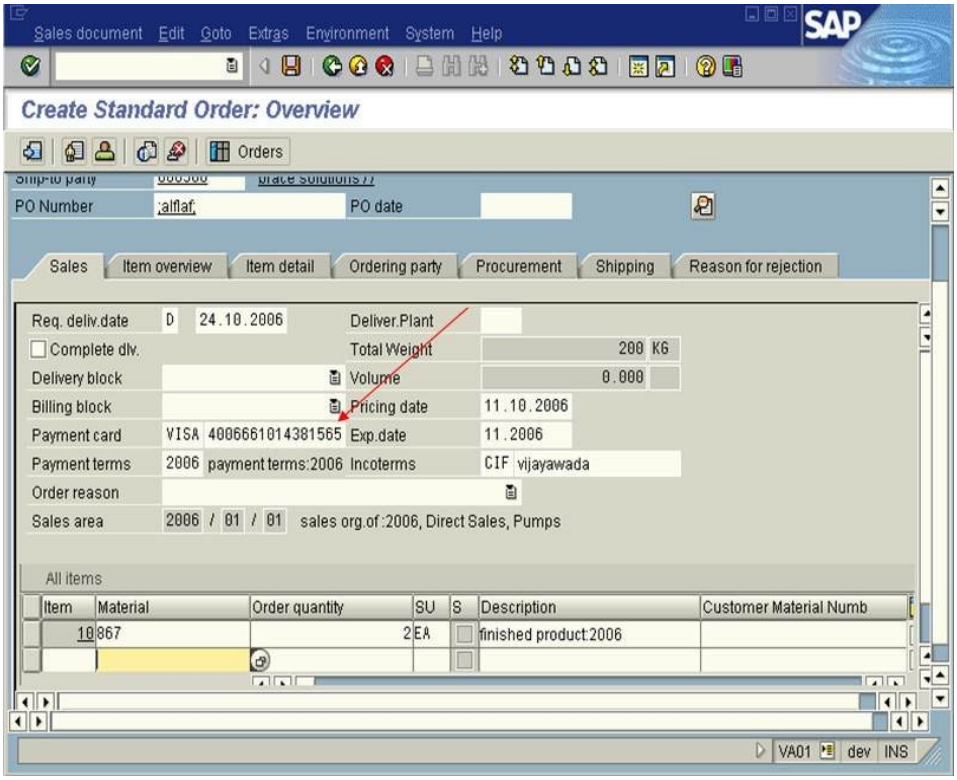

Sales document Edit Goto Extras Environment System Help
SAP
Create Standard Order: Overview
Orders
PO Number ;alflaf; PO date
Sales Item overview Item detail Ordering party Procurement Shipping Reason for rejection
Req. deliv.date D 24.10.2006 Deliver.Plant
Complete dlv. Total Weight 200 KG
Delivery block Volume 0.000
Billing block Pricing date 11.10.2006
Payment card VISA 4006661014381565 Exp.date 11.2006
Payment terms 2006 payment terms:2006 Incoterms CIF vijayawada
Order reason
Sales area 2006 / 01 / 01 sales org.of :2006, Direct Sales, Pumps
All items
Item Material Order quantity SU S Description Customer Material Numb
10 867 2 EA finished product:2006
VA01 dev INS

Figure 166

Material type and the quantity and save the data:
Create Outbound delivery: VL01N: give the shipping point Material availability date; 24.10.06 and sales order and<enter> Give the picking quantity and click on post goods issue option. Billing document: VF01:
Select the delivery document and save the data document will be posted. Verify the accounting document

Display billing document VF03 click on accounting document:

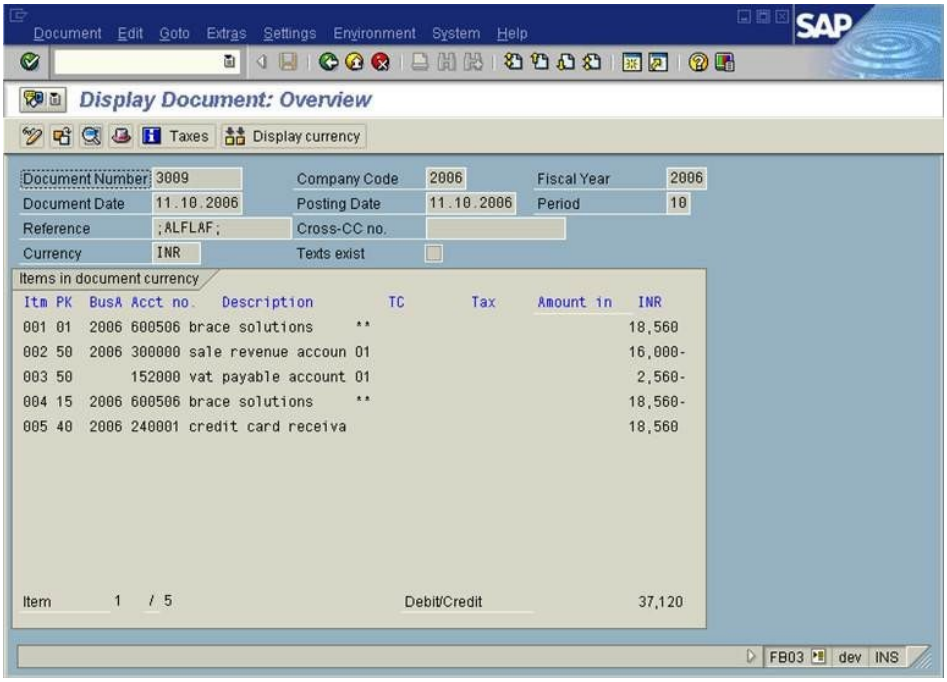


Figure 167

System post the normal sale entry in first 3 line items; since the payment was received by the payment by card the customer account is debited and credited to Credit card receivable account. The customer balance will become Zero. And the balance in credit card receivable account show as the open item till the settlement is done. Verify the balances in FS10n

Settle the open items in Payment cards receivable account: path: accounting-accounts receivables-periodic processing-payment cards- FCC1 settle:
Give the company code: 2006
Payment receivable account:
240001 Card type: visa
Give the document number to settle: 3009

Give the fiscal year:
2006 And execute the
programme
The system gives the report as appear in the screen.

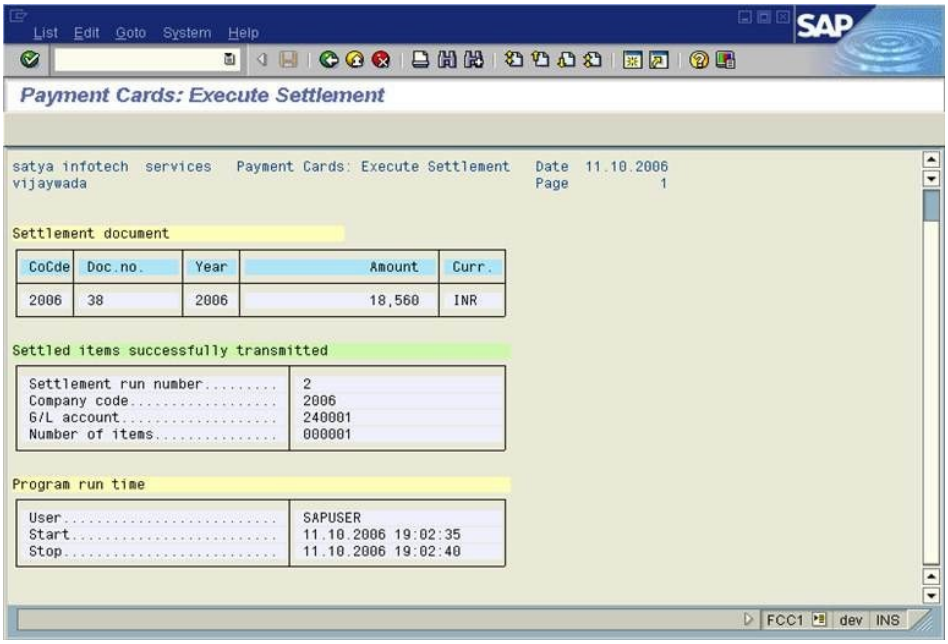


Figure 168

Go and verify the balance in fs10n and verify the document in fb03 the document is as under

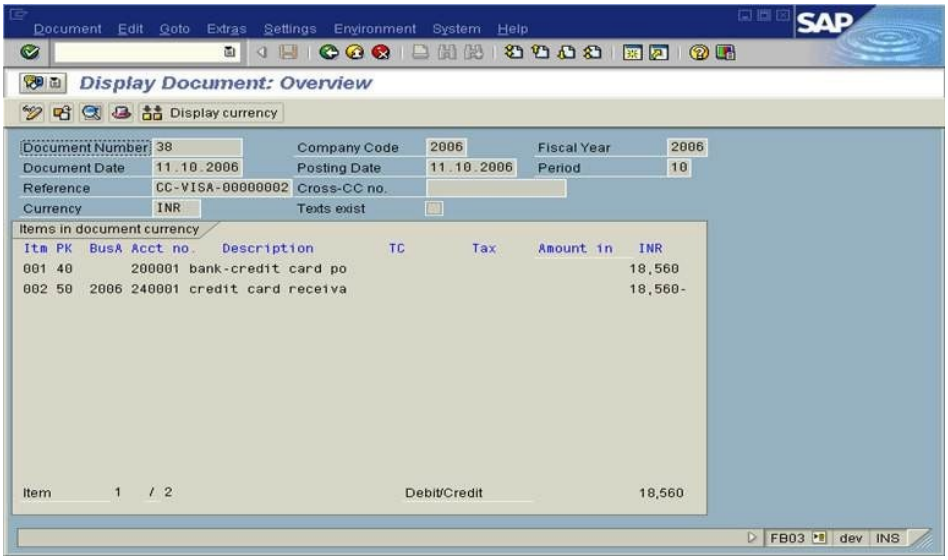

Document Edit Goto Extras Settings Environment System Help
SAP
Display Document: Overview
Display currency
Document Number 38 Company Code 2006 Fiscal Year 2006
Document Date 11.10.2006 Posting Date 11.10.2006 Period 10
Reference CC-VISA-00000002 Cross-CC no.
Currency INR Texts exist
Items in document currency
Itm PK BusA Acct no. Description TC Tax Amount in INR
001 40 200001 bank-credit card po 18,560
002 50 2006 240001 credit card receiva 18,560-
Item 1 / 2 Debit/Credit 18,560
FB03 dev INS

Figure 169

System posts the amount as a receipt into bank clearing account for cards and clears the open item in receivable account in cards. With this settlement is over.

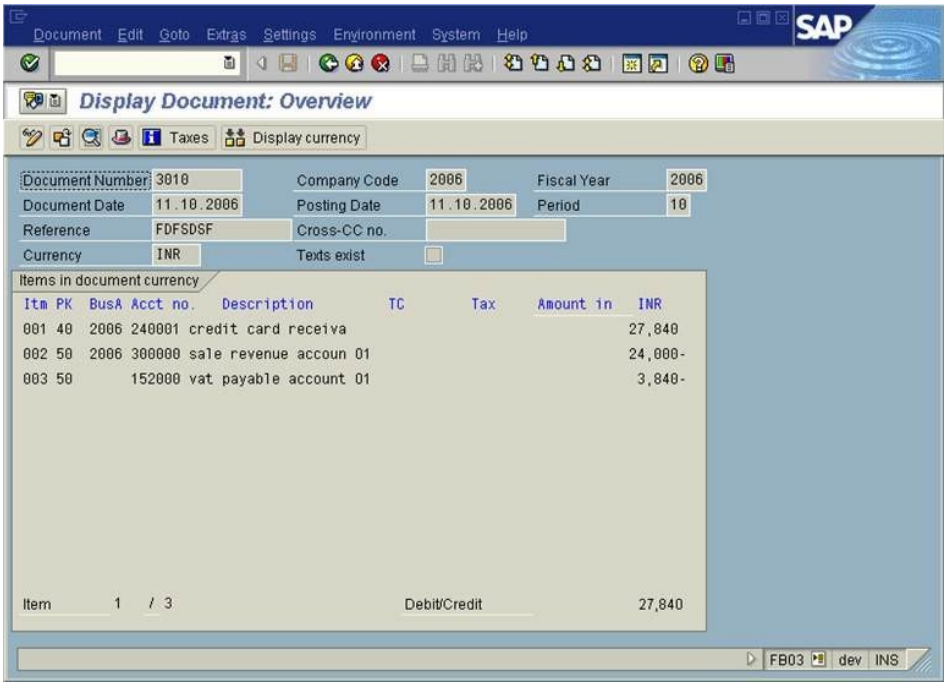


Figure 170

If you select retain customer line item check box the system posts the entry to the customer account normally and reverse the entry by debiting to the customer account and crediting to credit card receivable account. (In the last screen of the previous page) However, if you don’t select that check box system posts the entry directly debiting to the credit card receivable account and credit to sales account normally.

Out of these two options we can select as per the requirement of the project. However, in case of the first option storage space is more however; entry of record is available in the customer individual accounts. Depending on the project requirement we can configure either way.

Reverse the cleared payment card items: in the same path: TC: FBRC: Give the document number and save the details.

Standard reports: Path is same: TC: FCCR; we can some

valid information in these reports:

CHAPTER 6

Asset Accounting

ASSET ACCOUNTING

Asset accounting is one of the important application components of finance module. The management of fixed assets is a big task for the companies in computerized environment. In Sap it is a separate component. The main purpose of Asset Accounting is to the exact values of the fixed assets owned by the company on a particular date. The valuation may for the internal purposes or the external purposes.

The first step of configuration of asset accounting is ensuring the country specific template is available or not. The flow of configuration is as under.

If the organization is small and the asset base is low then we can go for the configuration through the asset accounting lean implementation methods. Otherwise we can take up the regular asset accounting implementations. The asset accounting is als o called as sub ledger accounting

Check country specific settings: spro-rimg-financial accounting-asset accounting-organizational structure check country specific settings: TC: OA08.
If any country specific template is available we can run programme. And make the corrective measures.

Copy reference Chart of depreciation /Depreciation areas: path is same as above TC: EC08
Double click on copy reference chart of deprecation. Go menu item org. object>copy org. object
Give from chart of depreciation: 0DE
Give the" to chart of depreciation": 2006 and continue system copies the chart of depreciation.

Double click on specify description of chart of depreciation: change the description and save.

Assign tax codes to non taxable transactions: path: spro-rimg-financial accounting-financial accounting global settings-tax on sales and purchases- posting-assign tax codes to non taxable transactions. **TC: OBCL**

Click on position button

Give I0 input tax code and O0 out put tax code and save the data

Notes: this is required whenever you are posting the non taxable acquisition transactions to the tax relevant accounts; we required to specify 0% tax codes. It is mandatory. EX: in house acquisitions

Assign the chart of depreciation to company code: path is same: TC: OAOB

Click on position
button Give company
code: 2006
Give chart of
depreciation: 2006 Save

Specify number assignment across company code: same path:

The number ranges are different for each company code. If the company decides to use the same number across all the companies, we have to assign the company code in this configuration step. Then the main asset number will be generated across company codes.

Define asset class:

Asset class means the group of similar assets. The classification will be done to identify the assets of different nature and identification at glance. Before creating the assets classes we have define the control parameters for the asset classes as under.

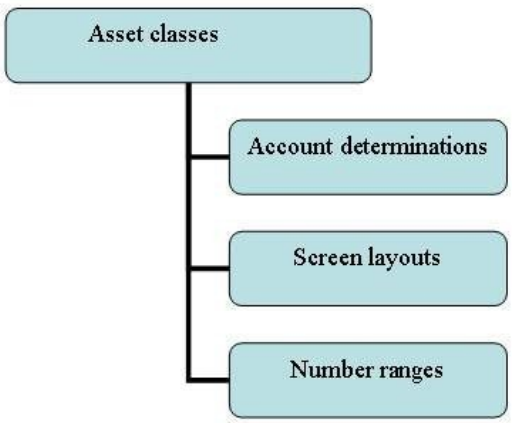


Figure 171

The account determinations are the keys used to link the asset classes or master records to the general ledger accounts. The screen lay outs are required to process the information in respect of the assets by the users. The number ranges controls the number of assets in each class. Hence the above three are required to be defined before creation of assets classes.

We can create the asset classes with same as the general

ledger account number we can opt for generation of asset classes with Wizard. To take up this job we must have create the general ledger accounts for the assets and transactional data accounts also. And take up the wizard job in single stroke.

Note: in the last the system asks for deletion of existing classes and determinations, then select no option, the system will create the new classes. Otherwise if you select 'yes 'it will delete all classes and determinations altogether. Otherwise we can define our own account determinations as under.

Specify account determinations:
Path: spro-rimg-financial accounting-asset accounting-organizational structures-asset classes-specify account determinations.
Give the 10 digit number for account determination: 280000(maximum is 8 characters)and description of the account determination.
We have to open account determinations keys for each asset class separately.

Create Screen lay out rules: path is same as above
Specify the screen lay out for the assets individually by selecting the copy as function from the respective asset screen layouts defaulted by sap.

Define number range intervals: path is same as above: TC: AS08

Give the company code: 2006
Click on change number range interval button, Click on insert interval button
Give the number range (two alpha numeric) object: 01 Give the number interval.
If you want to maintain the number interval externally select the external check box and save.

Do the same process for all assets separately or else we can assign the same number object for all assets also.

Define asset classes: path is same: TC: OAOA

Give the 10 character name: in this case it is (281000): alphanumeric also can be given

Give the description of the asset class. And

short text also. Account Determination of the

respective asset class: 281000 Give the

respective screen lay out: 2810

Give the number range for the asset class. If you want maintain the sub number externally select the check box

other wise leave the sub number check box.

Select the No auc or summary management of Auc for all asset classes. Except for Auc class. For AUC class select Line Item Settlement radio button.

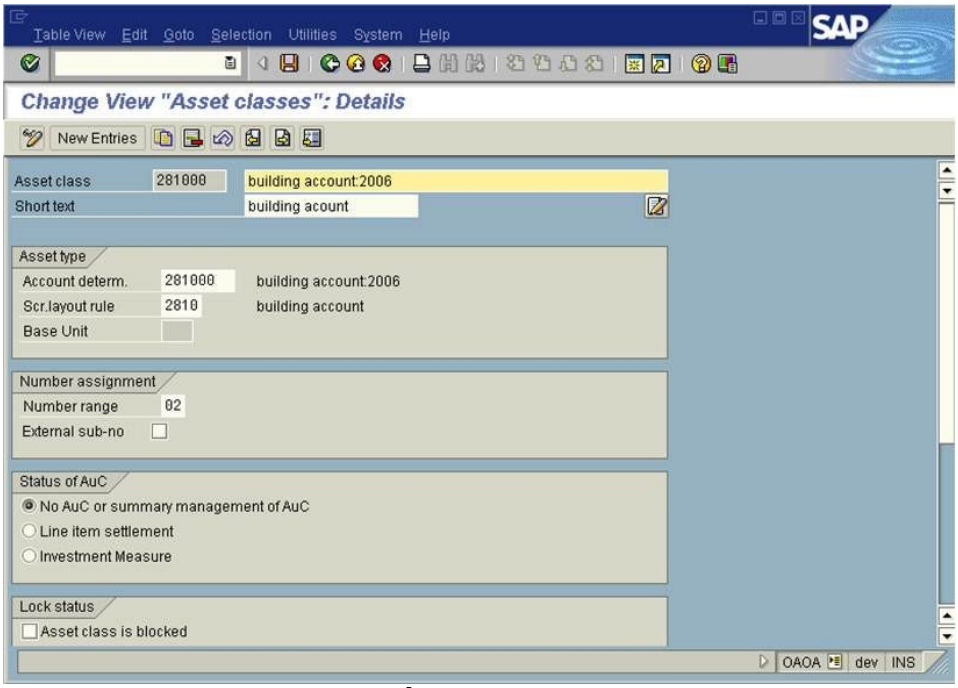


Figure 172

Specify chart of depreciation screen layout/account assignment: path is same

The control parameters for the assets class i.e. account determinations, screen layout are client dependant. If you want to make them as specific chart of depreciation level you can set in this configurations step.

Required GL accounts in asset accounting:

1. Individual asset accounts for each asset class: like building, pm, etc with the following parameters.
2. Account group: assets. Balance sheet ac type. Text, account currency
3. Reconciliation account type for: Assets:
4. line item display, sort key:018 field status group:g001 or g067 and save the data

Note: we can open all individual accumulated depreciation accounts or we can open single depreciation account for all assets with the same parameters as asset accounts. Otherwise we can open the accumulated depreciation account in liability group also.

Expenses and revenue accounts: 1. Depreciation expenses account as normal expenditure ac

Spl. Dep. Ac as expenditure ac

Loss on sale of asset account as expenses account Profit on sale of asset account as income account Revenue on sale of asset account as income account Interest expenses account

Interest clearing account as open item and line item management as asset group

Special reserves account as open item and line item management as liability group.

Assign GL accounts: path: spro-rimg-financial accounting-asset accounting-integration with general ledger-assign general ledger accounts

Select chart of accounts: 2006

Double click on account determinations (in dialogue structure box). Select account determination key of the one asset

Double click on Balance sheet accounts (dialogue structure box) The screen will appear as under

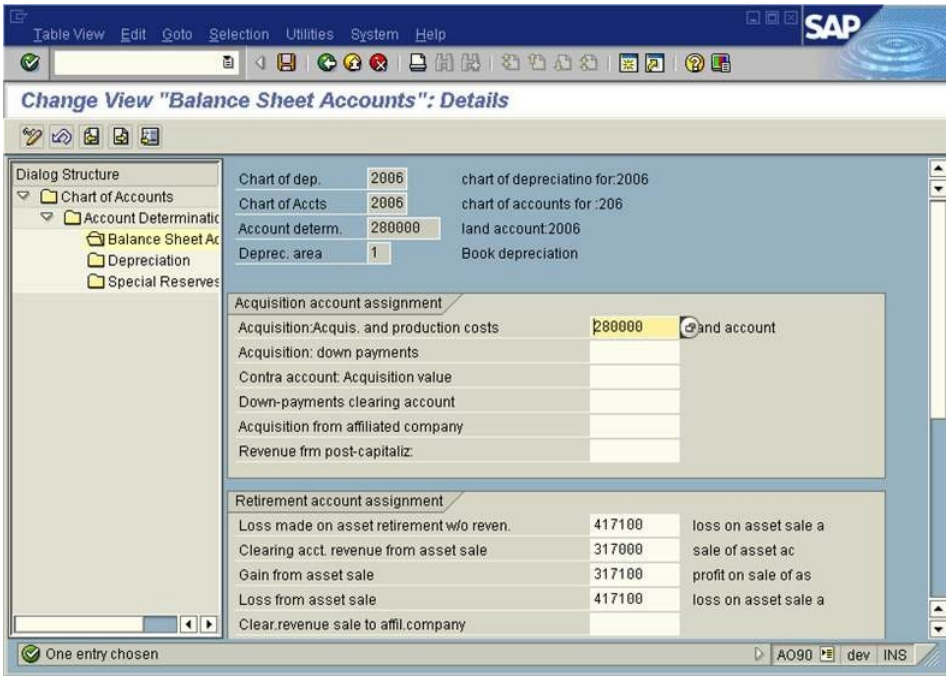


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Balance Sheet Accounts": Details
Dialog Structure
Chart of Accounts
Account Determinatic
Balance Sheet Ac
Depreciation
Special Reserves
Chart of dep. 2006 chart of depreciatino for:2006
Chart of Accts 2006 chart of accounts for :206
Account determ. 280000 land account:2006
Deprec. area 1 Book depreciation
Acquisition account assignment
Acquisition:Acquis. and production costs 280000 and account
Acquisition: down payments
Contra account: Acquisition value
Down-payments clearing account
Acquisition from affiliated company
Revenue frm post-capitaliz:
Retirement account assignment
Loss made on asset retirement w/o reven. 417100 loss on asset sale a
Clearing acct. revenue from asset sale 317000 sale of asset ac
Gain from asset sale 317100 profit on sale of as
Loss from asset sale 417100 loss on asset sale a
Clear.revenue sale to affil.company
One entry chosen
AO90 dev INS

Figure 173

Give acquisition: acqui and production costs: GL account number of the asset: 280000

Under retirement account assignment:
Give loss made on asset retirement: asset scrapping account (418000) Give clearing acct.revenue from asset sale: revenue on sale of asset account (317000)
Give gain from asset sale: profit on sale of asset ac Give loss from asset sale: loss on asset sale account

Double click on depreciation column (dialogue structure box) Give accumulated depreciation account
And general depreciation account

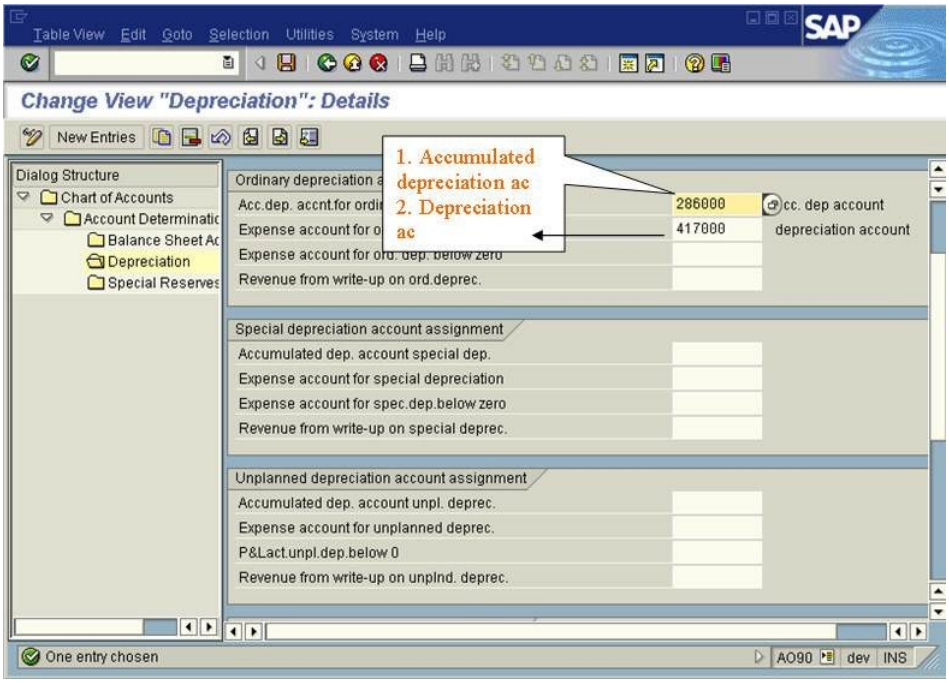


Figure 174

Under interest assignment column (not appearing in the screen) Give interest clearing account:

Give interest expenses account
Double click on special reserves column
Give special reserves column and special depreciation column and save the data
Do the same process in respect of all accounts:

Note: for land accounts and assets under construction accounts we need not give depreciation accounts.

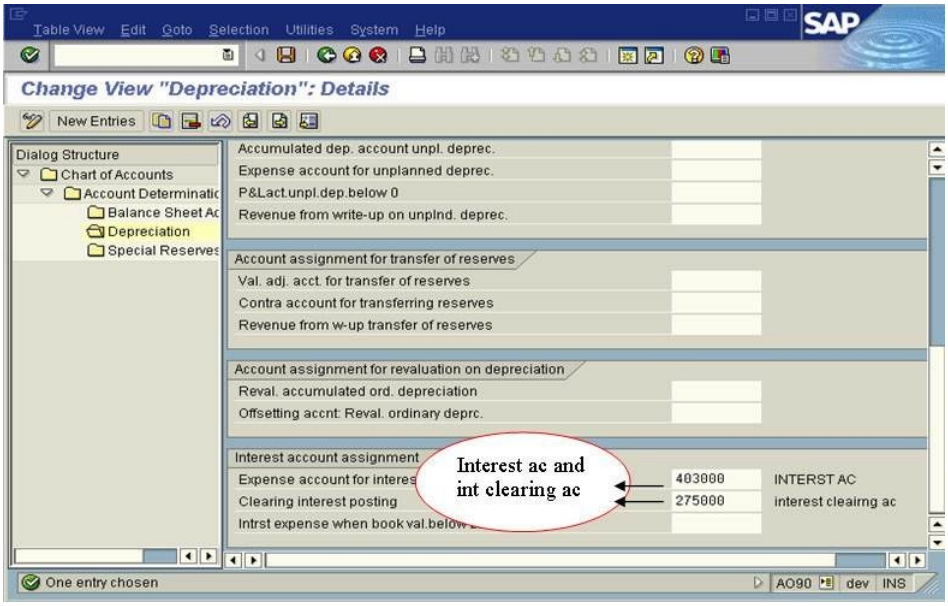


Figure 175

Specify the document type for posting of depreciation:

Path: spro-img-financial accounting-asset accounting-integration with general ledger accounts-post depreciation to general ledger-specify the document type for posting of depreciation:

Double click on specify depreciation type for posting depreciation Ensure the document type AF is assigned to the company code

Specify the intervals and posting rules: path is same as above: OBYR

Select the company code: 2006
Double click on posting rule (in left side dialogue structure box) Select depreciation area: 01: book depreciation.

Notes:

1. ***If you want to post the depreciation at different period interval select the period interval you required***
2. ***If you want to post the interest on the blocked capital along with the depreciation select interest check box***
3. ***If you want to post the depreciation after end of useful life we can select the check box of this type***

4. ***If you want post the depreciation for the expired periods along with the next remaining periods select the smoothing check box.***

Select the other depreciation area 03 and ensure the posting rule same as the previous one. And save.

Define how depreciation areas post to general ledger: path is same as above: OADX

In this step we can set the depreciation area which can be posted to general ledger on line as per the chart of depreciation. The German standard reference chart of depreciation posts the book depreciation to general ledger online by default. However, we can change this requirement by defining in the country specific chart of depreciation.

Maintain posting rules for parallel accounting principles:

Path: financial accounting-asset accounting-integration with general ledger-post apc values periodically-maintain posting rules for parallel accounting principles.

In this activity we can set the norms to post the different depreciation as the different depreciation areas separately to special purpose ledger. It will depend up on the parallel valuation requirement of the assets. Generally it is common in asset accounting.

Reset reconciliation accounts: path is same as above:

In this step we can set the reconciliation indicator all asset accounts as group or delete the reconciliation indicator for all the assets in group as whole.

Activate account assignment objects: path is same:

In this activity we can activate the account assignment objects which are used in the asset accounting component. Besides that we can set whether these can be assigned to balance sheet accounts also. We can set in this activity that the account assignment object as default and no changes can be made by the users also.

Determine depreciation area for asset class:

Path: financial accounting-asset accounting-valuation-determine depreciation area in the asset class: TC: OAYZ

Give chart of accounts: 2006
Select asset class:
281000(buildings) Double click on
depreciation area option

Deactivate the depreciation area check boxes you want to apply in the asset master record
Give the lay out in the last column as: 2000

Do the same process for all asset classes you have defined for the project and save the data.

Note: Generally for land class we need not activate the depreciation button, if you activate also we can give the only 000 depreciation key. For AUC also we can assign 0%depreciation keyi.e.000 in the master record. or sometimes written down value depreciation key depending on the country requirement.

Note: We can deactivate the total asset classes from being used by any chart of depreciation area as a whole. Sometimes it may require in the real time project scenario, accordingly deactivate such classes.

Specify the maximum amount for low value assets+ asset classes: Path: up to valuations same>amount specifications>specify the maximum amount for low value assets+asset classes.

While dealing with the low value assets we can set the maximum amount by company code and depreciation area. We can set the maximum amount by amount wise and quantity wise also.

Double click on specify low value assets

Select the asset class for which you want to maintain as low value assets

Double click on low value amount check

Give the check per depreciation area wise (options are 0, 1, and 2) Save the transaction go back to pop up box screen

Double click on specify maximum amount for low value assets. Select the company code: 2006

Double click on amount for low value assets

Give the low value amount for acquisitions and also through the purchase orders

And save the data

Specify the change over amount: path: same: OAYJ

This activity enables us to set the two different depreciation areas for asset master record. The change over amount is to be defined at depreciation area level. Once the amount is reached to the amount specified in the depreciation area the system change over to the method of depreciation area automatically as per the change over key. And accordingly we have to set a change over key in

the definition of depreciation key. There we have to set the change over key from the possible selections.

Specify memo value: path same: TC: OAYI
Double click on the specify the memo value for depreciation area Select the company code

Double click on the depreciation area column: 50000/- Give the amount depreciation area wise. And save the data

Note: the specification of memo value amount prompts the system to reduce from the book value to calculate the depreciation.

Define fiscal years in asset accounting: path is same: In asset accounting we can use the different fiscal year variant if the project requires. However, the normal postings periods should be same as the fi general ledger fiscal year variant. If you define separate fiscal year variant we have to define and assign to the company code and also assign to the depreciation area also. Otherwise it is not required to do this activity. We can set different fiscal year variant to book depreciation area and other depreciation areas. (if required)

If you specify any shortened fiscal year for the asset accounting, we have to set whether to follow the deprecation as normally or to reduce the depreciation too proportionately. For which we have to define the depreciation reduction rule. Otherwise we have to use the special depreciation key for normal calculation of depreciation in shortened fiscal year.(We have to select the option no reduction in short years in defining the depreciation key).

Define Half month periods: path same:
Some times we can define the half periods in asset accounting to calculate the depreciation in the company code by using the period control of mid month concept. In this context we, without changing the fiscal year variant in fi general ledger we can change the Half periods in asset accounting.(it is normally 24 months which consists of 12 normal periods only)

Define weighting of periods for calculation of depreciation: same path: Generally the system distributes the depreciation evenly in the fiscal year in case of periodic posting. However, if you want to post the deprecation differently basing on either no days in a month and weeks in a period, we have to set the weighting of periods at depreciation area level and fiscal

year variant level for a particular company code. Accordingly system calculates the depreciation and posts in periodic posting.

Double click on the specify the area for individual weighting of period Select the company code: 2006 Select the depreciation area to be weighted check box and save. Come back to pop up screen

Double click on weights periods in fiscal year version
Give the validity period: give the period: and weight code: and save the data

Define currencies for asset accounting valuations: path is same: OAYH We can define different currency for depreciation and valuation of assets in different currency other than local currency. This is may require sometimes to take up the group consolidation in other currency. The system converts the depreciation as per the exchange rates prevailed on the date of posting depreciation.

Set the currency for depreciation area wise and save the data
We can set the parallel currencies in which the depreciation is to be calculated.

Configuration of group asset: path is same:
Generally system calculates the depreciation on individual assets only. However, in case of special purposes or tax requirements we have to calculate the depreciation at higher level. In such instances, we have to define the Group Asset. It means the group of individual assets for the purpose of calculation of depreciation as a whole. To configure this, we require, defining the depreciation area which is applicable for group assets.

Double click on specify depreciation area for

group assets Select the company code: 2006

Double click group asset on the column

Select the depreciation area applicable for group assets:

Double click on specify the asset class for group assets:
Select the asset class which can be considered as group asset and save the data.

In company code: 281000 building is a group asset
Depreciation: Normal loss in asset value in the course of usage or no usage It is called value for normal wear and tear for an asset. The accounting treatment of depreciation in sap is ways. First one is direct depreciation and second one is indirect depreciation. Direct depreciation means showing the accumulated

depreciation in the asset side of the balance sheet and accordingly reducing the asset values. Whereas in the indirect depreciation the accumulated depreciation will be shown in liability side of the balance sheet and the APC values will be intact.

Depreciation types: there are three types of depreciation in SAP.

1. Ordinary depreciation: means the normal depreciation in the course of routine, applicable as normally. All the depreciation area will be considered as normal depreciation types.
2. Special depreciation: means the special depreciation required for the special purposes or parallel valuations like tax depreciation cost depreciation like
3. Unplanned depreciation: means the depreciation provision for unexpected events or losses.

   Each depreciation types can have same or different depreciation areas. Like, book depreciation area, special tax depreciation.

Depreciation areas:

1. book depreciation area
2. special tax depreciation area
3. net worth tax depreciation
4. Cost depreciation
5. group depreciation
6. investment depreciation.

In sap by default calculate and apply the book depreciation any difference in between the book depreciation value and other depreciation areas will be places in special reserves. **Otherwise we can make configuration settings to post any depreciation area to general ledger by default.** With the help of calculation keys and calculation methods the system calculates the deprecation. For which we have to define various calculation methods to select various parameters required for calculation of depreciation.

Define base method: path: spro-rimg-financial accounting-asset accounting-depreciation-valuation methods-depreciation key- calculation methods-define base method:

There are so many base methods defined by sap. We can make use for the requirement of the project. Generally we select the base method: 0014 for our purpose the details of the method is as under

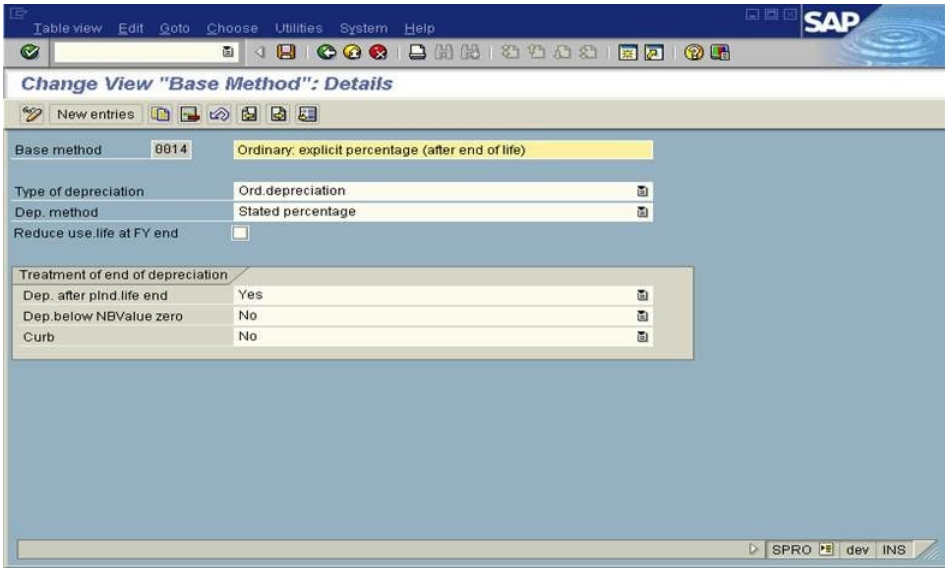


Table view Edit Goto Choose Utilities System Help
SAP
Change View "Base Method": Details
New entries
Base method 0014 Ordinary: explicit percentage (after end of life)
Type of depreciation Ord.depreciation
Dep. method Stated percentage
Reduce use.life at FY end
Treatment of end of depreciation
Dep. after plnd.life end Yes
Dep.below NBValue zero No
Curb No
SPRO dev INS

Figure 176

Type of depreciation: Ordinary depreciation Depreciation method: stated percentage method
Reduce use life at FY end: if you select this check box the system reduces the use full life every year after depreciation
If you want calculate the depreciation even after the planned life is over select the yes otherwise no

No depreciation on the net book value reached to zero.

If you want calculate the depreciation after planned life the rate of depreciation applicable to as before select curb as no otherwise the rate of depreciation will be continuous.(example: 10/11*100=9.9)

Define declining balance method: path: same:
This method is useful determine the percentage of depreciation through multiplication factor. This is indirect way of determining the rate applicable for declining balance method. If you maintain the rate of depreciation directly we need not give any multiplication factors. We have to select the 001 method with all Null values.

Define maximum value method: path same as above:
Click on new entries button
Give 4 character key and give the description of the method and save: **Select the key double click on maximum amount in the dialogue structure box**

Give the validity date
Currency
And the amount and save the data.

Note: there is one column Annual if you select the check box the system checks the accumulated depreciation per should not exceed the maximum limit mentioned in the configuration. If you don't select the check box the system checks total accumulated depreciation up to the year should not exceed the limit.

Define period control method: path is same:
This method is applicable for the period control functions for various transactions in the asset accounting like acquisitions, retirement, transfer, scrapping.

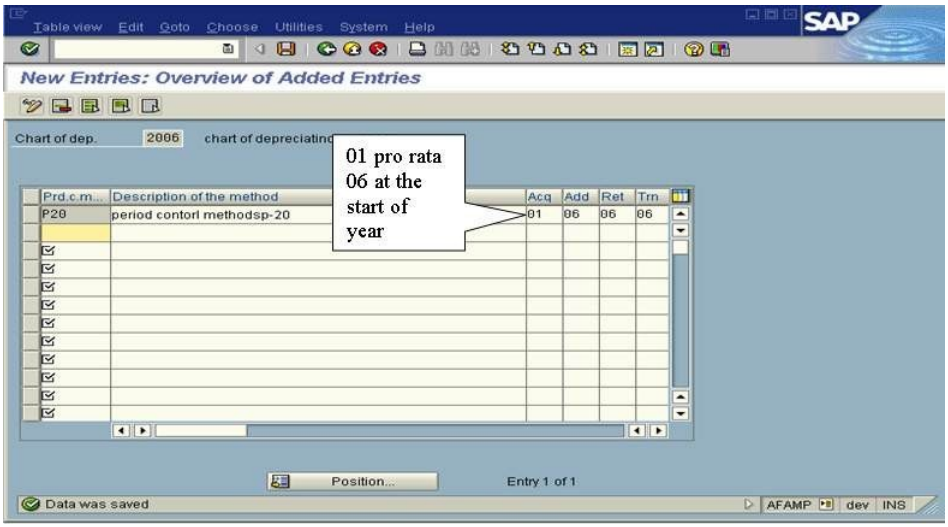


Table view Edit Goto Choose Utilities System Help
SAP
New Entries: Overview of Added Entries
Chart of dep. 2006 chart of depreciatinc
01 pro rata 06 at the start of year
Prd.c.m... Description of the method Acq Add Ret Trn
P20 period contorl methodsp-20 01 06 06 06
Position...
Entry 1 of 1
Data was saved
AFAMP dev INS

Figure 177

Define multilevel method: path is same:

Click on new entries button

Give 3character key for strait line method of depreciation: s20 and give description

Validity state date: ordinary depreciation state date:

Do not select the check box: dep by fiscal year/period: it only applicable when the fiscal years or periods end in differently with the previous year/ periods. And save and double click on levels button click on new entries button

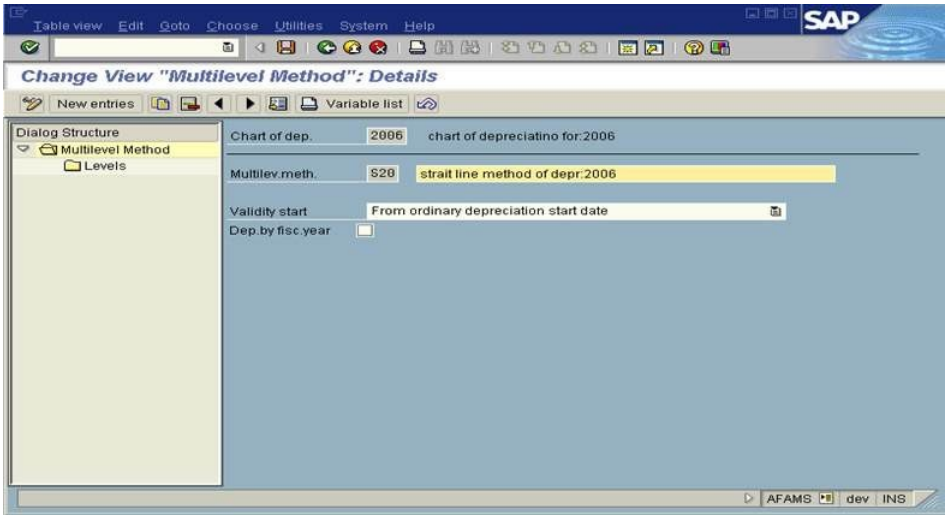


Figure 178

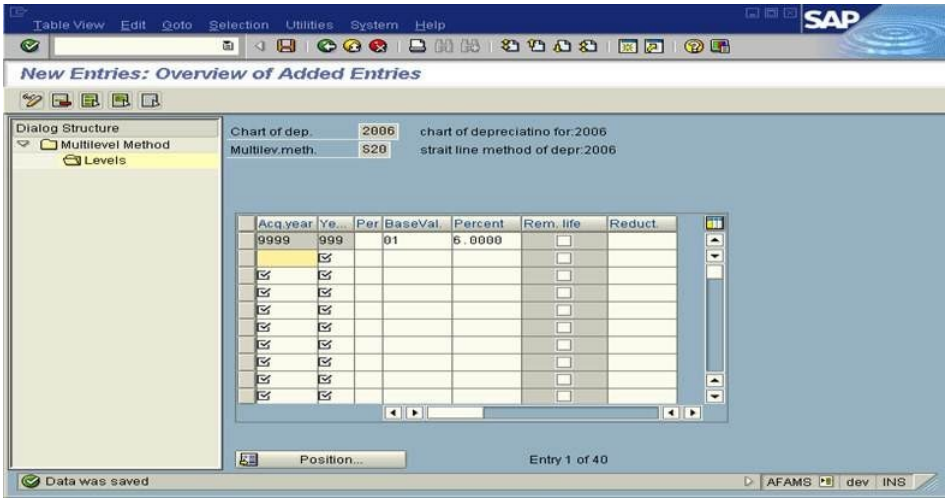


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Dialog Structure
Multilevel Method
Levels
Chart of dep. 2006 chart of depreciatino for:2006
Multilev.meth. S20 strait line method of depr:2006
Acq.year Ye... Per BaseVal. Percent Rem. life Reduct.
9999 999 01 6.0000
Position...
Entry 1 of 40
Data was saved
AFAMS dev INS

Figure 179

Give the acquisition year: maximum: means the year up to which the key is applied for asset acquisitions.

Give the year: up to which the percentage mentioned in

key is applicable. Period: break period of the years if any

we can give

Base value: select from the possible entries give the rate of depreciation

If you want to calculate the depreciation from remaining useful life select the check box.

If you mention any rate in reduction column, system reduces the base value with the rate mentioned in the column.

Define another key as W20 fro wdv method with the same parameters, except the base value column should: 24. (net book value) and the rate of percentage.

Maintain Depreciation key: path: up to depreciation key same>maintain depreciation key.TC: AFAMA.

A depreciation key contains automatic calculation methods of interest, ordinary depreciation and special deprecation.

It further contains various control parameters, cut off value key also.

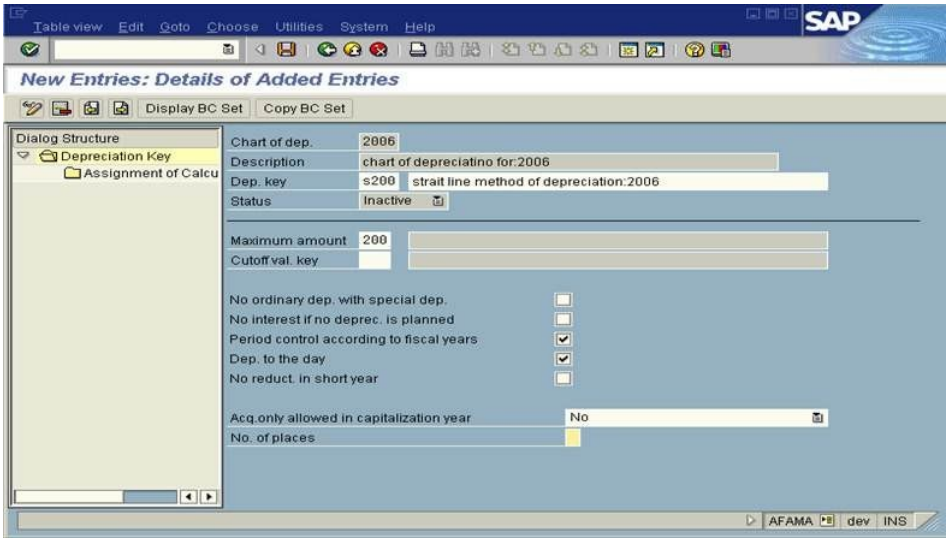


Table view Edit Goto Choose Utilities System Help
SAP
New Entries: Details of Added Entries
Display BC Set
Copy BC Set
Dialog Structure
Depreciation Key
Assignment of Calcu
Chart of dep. 2006
Description chart of depreciatino for:2006
Dep. key s200 strait line method of depreciation:2006
Status Inactive
Maximum amount 200
Cutoff val. key
No ordinary dep. with special dep.
No interest if no deprec. is planned
Period control according to fiscal years
Dep. to the day
No reduct. in short year
Acq.only allowed in capitalization year No
No. of places
AFAMA dev INS

Figure 180

Give 4character key: s200 description

if you want to follow the maximum amount method give the key:200

if you want that the system does not calculate the depreciation after the value of asset reached to some cut off value specify the key.(or sometimes scrap value concept can also used here)

If the ordinary dep should not be zero when the special tax dep is zero No interest is calculated when there is no planned depreciation.

Period controls according to the fiscal years.

Depreciation to the day will erase all the period control set in period control methods. Depreciation starts from capitalization date. No changes can possible after initial entry of asset values.

Double click on the assignment of calculation methods: Click on new entries button

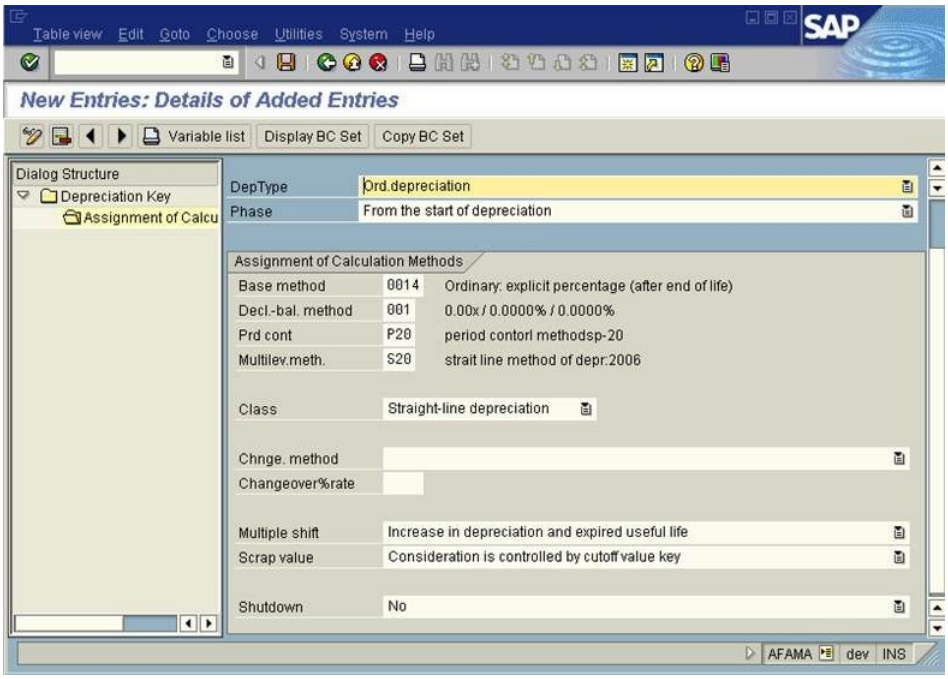


Figure 181

Give the depreciation type:

Phase from start of deprecation

Give the base method: 0014 decl.bal. Method: 001 period control method: p20 and multilevel method: s20

Class is strait line method of depreciation (reporting purposes).

Press enter and go back two steps and click on Activate depreciation key button and save it. And ensure the depreciation key is in Active mode

Create another key for written down value method: the only difference is the class: select declining balance method. The remaining procedure is same as above.

Activate the 0000 depreciation key for 0% depreciation on land and auc accounts.

Save the data.

Define cut off value key: path: up to valuation methods same>further settings>define the cut off value key TC: ANHAL:

Give the cut off value key: 3 character key;

Select the option from which date the cut off value key is to be implemented. Save it.

Double click on the levels button and give the data as required and percentage of cut off value and save

Define maximum base value: path is same: upto valuation methods same>further settings>define maximum base value: OAW2

In this configuration we can set the maximum base value for calculation of depreciation. Once it is set the system checks the acquisition values. If the acquisition value is lower than the maximum base value; depreciation calculation made on acquisition value. And the acquisition value exceeds maximum base value the depreciation calculated on the maximum base value. It can be set company code wise, asset class wise, and depreciation area wise.

Click on new entries

button: Give company

code:2006 Give asset

class:281000 Give

depreciation area:01

Maximum base value:

200000 And save

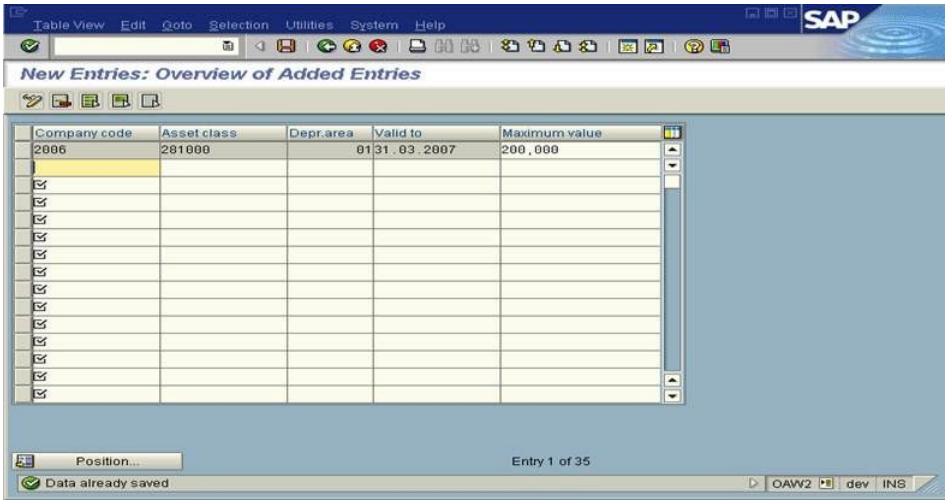


Figure 182

We can set the depreciation percentage differently for each sub asset wise with in the asset master and depreciation area wise also.

Define screen lay out for asset master record: financial accounting- asset accounting-master data-screen lay out.

Double click on define screen lay out for asset

master data Make the fields as per the

requirement and save

Define screen lay out for asset master data: same path:

Select the2000 screen lay out click on filed group rules and set the fields as per the requirement.

We can define the following customization depend up on the project requirement:

Path same path: user fields: define investment reasons, define environmental protection indicator

Define asset super number ; these are useful for evolution purpose only

Define allow down payment transactions in asset class: financial accounting- asset accounting-transactions-allow down payment transactions in asset classTC:OAYB

Select the down payment transactions 15 and 16 one after one

Double click on specify asset class and give the asset class on which down payments are allowed and save

Check consistency: path: financial-accounting-preparing for production run- check consistency

We can check the configuration settings for the asset accounting

Reset company code: in this step we can delete

the testing data Reset depreciation data and

Reset the fiscal year closing: this will enable to open the closed fiscal year in asset accounting

Overview experts: in this configuration testing will be checked in asset accounting concepts.

Note: in Asset Accounting we have to use the transaction type's manditarily.

Posting keys in asset accounting: asset debit: 70 asset

Credit: 75

Give the number range for document type for AF depreciation with selection of External Check box.

End user activities: creation of asset master record: accounting-financial accounting-fixed asset-asset-create-as01 creates.

Give the asset class:
282000 Give company
code: 2006 Click on
master data;
Give the asset details (in general data)
Click on time dependant data give business area
Click on depreciation area give the depreciation area key:
s200 useful life: 5 valid date of depre: 010106
Like the way give dep.key w200: useful life: 5 valid dates:
010106 and save. Asset will be created.
Acquisition of asset: or purchase of asset: path is same
transaction code: F- 90(010105)

Note: system posted the depreciation upto may as smoothing

Post the depreciation: periodic processing: depreciation
run AFAB execute Note: the depreciation run has to start
from the period 001 only
In the depreciation run the system generate the two entries as
under:

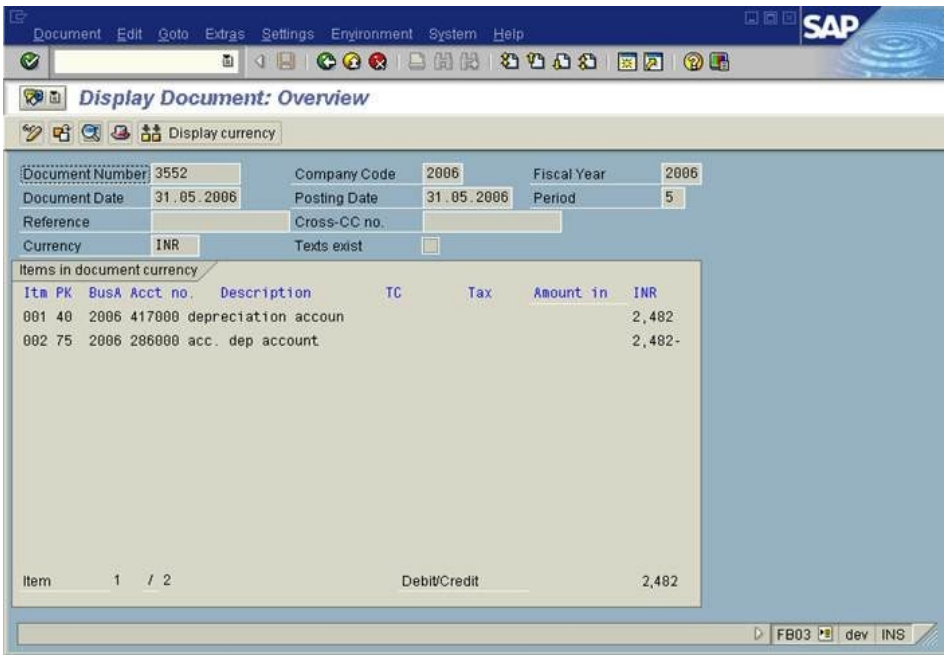


Figure 183

The first entry in respect of book depreciation area
01(which is selected to post GL account by sap)

The next entry:

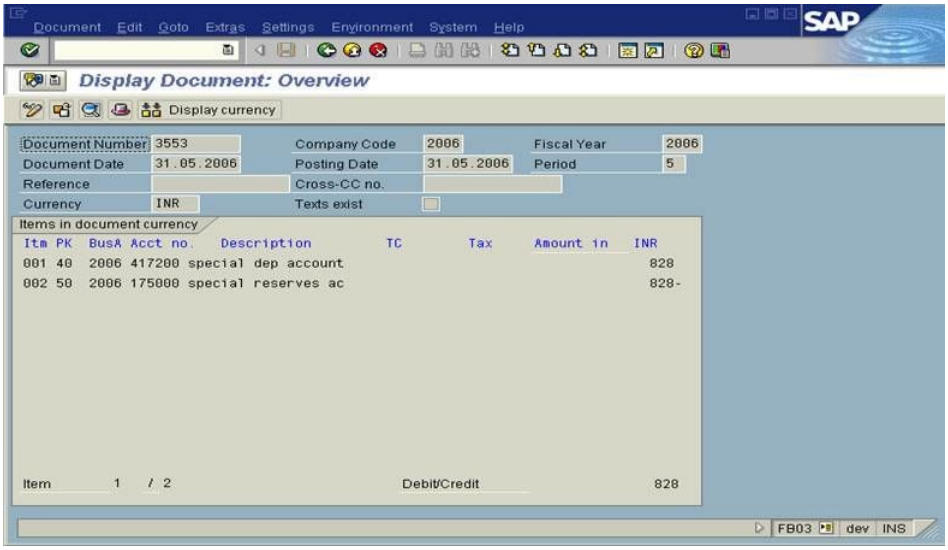


Figure 184

The second entry in respect of special tax depreciation (declining balance method) it will not the depreciation directly. However, the difference between the book depreciation area 01 and spl.tax. dep area 03 as special reserves by debiting to special depreciation account.

Retirement with revenue: f-92 with customer(070906)

While posting the entry credit entry postingkey.50 account sale of fixed asset ac give transaction type:210 or 200 select Asset retirement Check Box<press enter>

Give the asset number (which is selling)

Give the asset value date: the date on which you are selling

Select the complete retirement check box. And continue and simulate the entry

We will find that the system generates 6 line items as under. Original sale transaction with 2 line items

Accumulated depreciation ac 1 line items

Either loss/revenue on sale 1

Depreciation account 1

And credit asset account 1 line item and post the transaction Verify the account in account explorer TC: AW01N

CHAPTER 7

Controlling

CONTROLLIN G

Controlling is one side can be treated as cost accounting which takes care of costs and revenues of an organization. The other side of the controlling is called as Management accounting to give the necessary information to managers to take any strategic decisions. As a whole it is called as MIS accounting for the managers concerned. Hence it is called as an accounting system used for the internal purposes i.e. internal accounting. The main objective of controlling is to manage the costs and revenues in the organization. It plans the costs and compares the plan data to actual data and prepares the variance analysis.

Financial accounting and controlling are two independent components. But the data flow takes place regularly through the cost element concept and business transactions. Business transactions are used to identify that nature of activities within the controlling. With the help of these the actual data flows to controlling in real time automatically. There are numerous business transactions in controlling. The business transactions are defined by sap only.

Before taking up the transactions in controlling, we have to define the organizational units in controlling. The organizational units in controlling are as under.

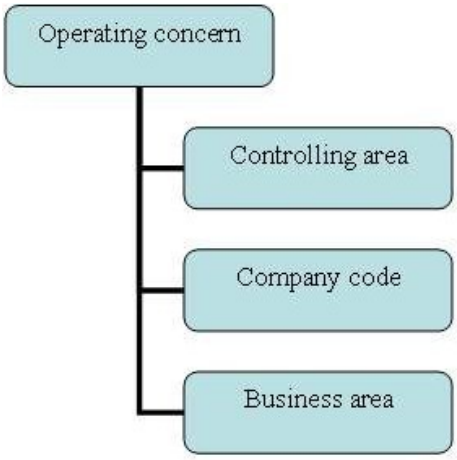


Figure 185

Operating concern: is a highest organizational unit which considers the market segments for various profitability analysis purposes.

Controlling area: is an organizational unit, which has its own closed system of accounting and prepare the evaluation reports for the purpose of management internally.

Company code: defined in fi and business area is also defined in financial accounting.

We have to define the controlling area, as a prerequisite to commence the controlling activities. The definition of organizational units if one of the complex activities in sap implementation. We have to define various organizational units, in other modules also. Hence we have to discuss with the company people to define organizational units and make clear blue print on this. Then we can make the structure of an organization in SAP controlling component.

Before definition of organizational units in controlling we have to understand the application components within the controlling

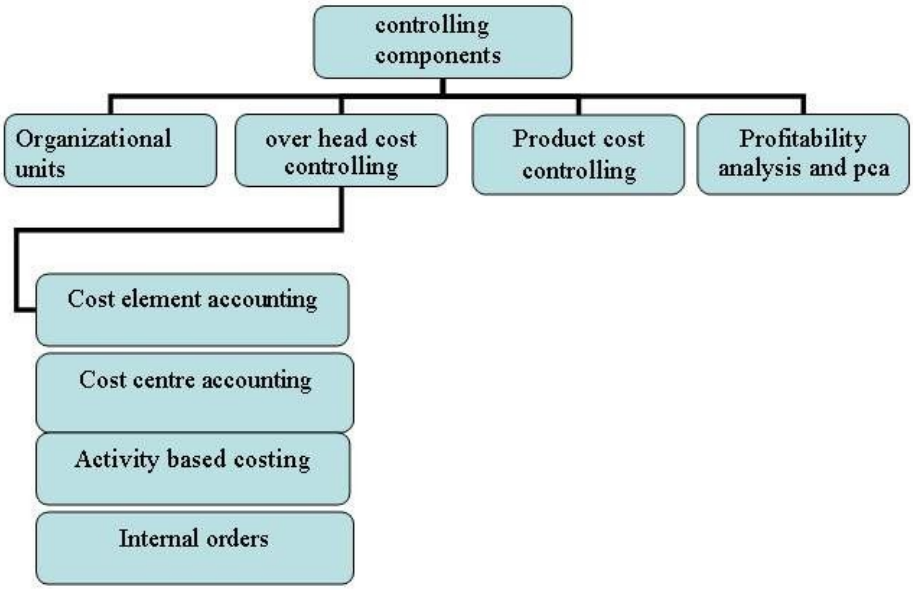


Figure 186

In the process of configuration we have to set the organizational units with in the controlling

Over head cost controlling deals with the organizational overhead planning and monitoring the overheads and prepares variances for the internal management.

Product costing controlling has two application components i. product cost planning. And the second one cost object controlling.

Profitability analysis explains the reporting requirement in respect of the out side market environment, Where as the profit center accounting deals with the profitability of the organizational units with in the controlling area. We will discuss the above application components in detail as under;

Maintain controlling area: controlling-general controlling-organization- maintain controlling area

TC: OKKP

Double click on maintain

controlling area Click on new

entries button

Give 4 character controlling area codes: 2006

If the controlling area code is same as company code click on the button con.area= com. Code

And give the company code and continue. (System by default considers some parameters automatically from the company code by this function).give persona responsible for controlling area (it mandatory in real itme)

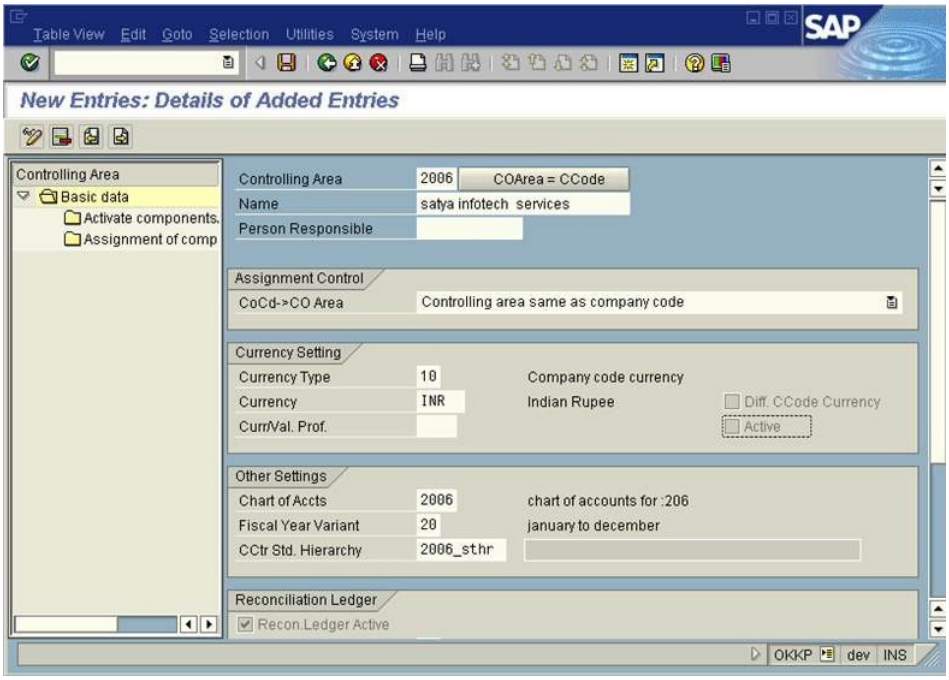


Figure 187

Under assignment control we can assign one company code to one controlling area or one controlling area too many company codes i.e. cross company code cost accounting. Here in our configurations we are setting one company code to one controlling area concept.

Currency: we can use different currency in controlling area or same as company code currency. (These are defaulted by the selection of option in the above con.area=company code or else give the details as the controlling area requirements. If you want valuate in different valuation profiles we can set this indicator.

Other settings: chart of accounts and fiscal year variant will be defaulted by the company code. We have to name the cost centre standard hierarchy (any name) in this configuration.

By default the reconciliation ledger is in active mode and gives the document types used for reconciliation ledger is SA and save the data. The system asks creation of standard hierarchy with the name given the cc standard hierarchy click on yes button and save the transaction. The screen appears like the above.

Double click on activate components/control indicators, Click on new entries button

Give fiscal year:2005* give always from year as one or two previous years to the current year. Because in sap the planning by default considers for 5 years from the next year to the year mentioned in the column. If we give 2006 the planning is available for 2007 onwards. Hence to consider current year planning we have to give at least one previous year to the current year.

Activate the components which you want to implement in the controlling area. Otherwise also we can activate the components while taking up the configurations in the respective components.

We have activated the cost centers along with the activity types and order management and commitment

management also.

Activity type: if we select this check box we post the actual expenditure directly to activity type as co object and we can repost the activity types and distribute the activity types.

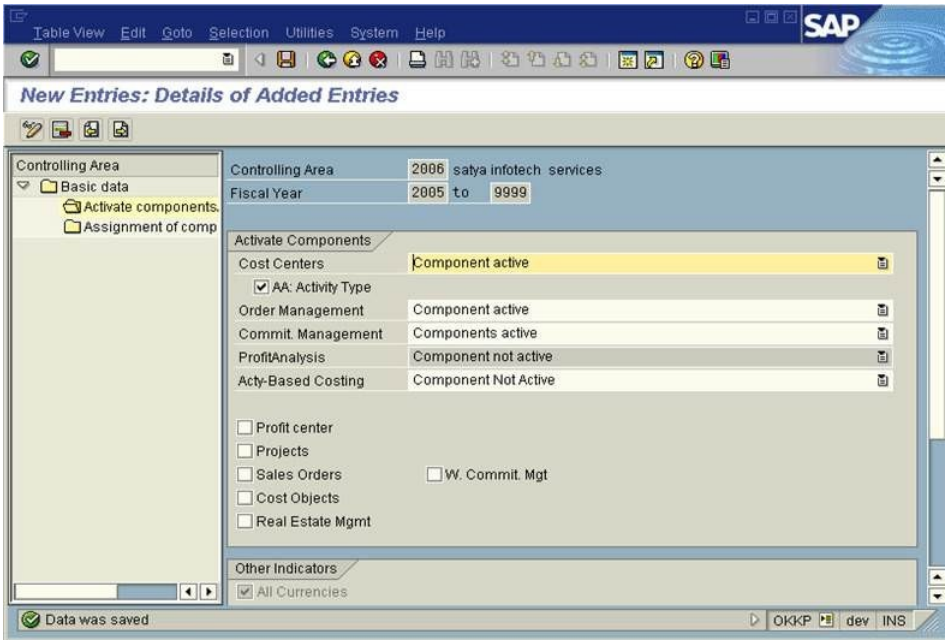


Figure 188

Double click on assign company codes button and click on new entries button, give the company code and save the data. You can check the controlling area settings by selecting copy delete and check company code option.

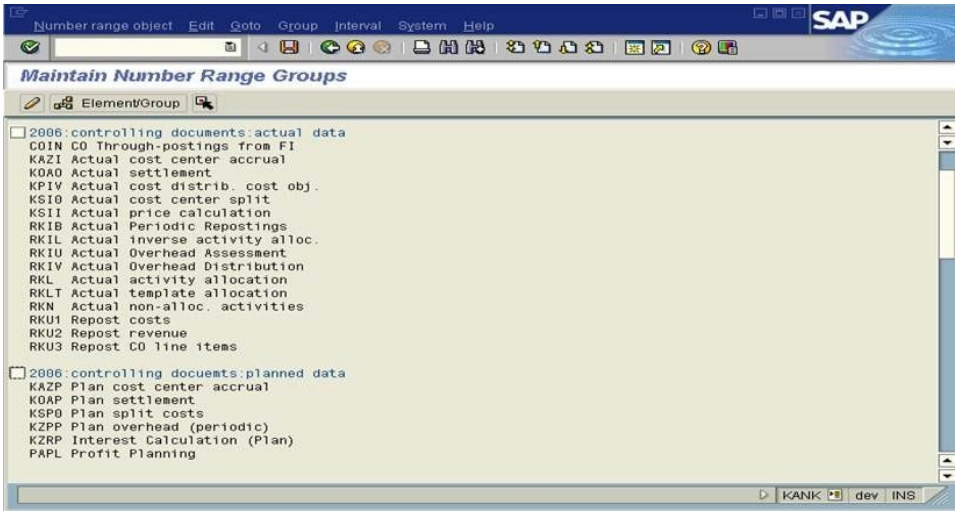
Maintain number ranges for controlling documents:
In this configuration step we assign the number ranges for the controlling documents. The controlling documents may be actual data documents or may be planned data document types. We assign the number ranges for actual data and planned data either individually or combined also. For this purpose we have to define the number range groups separately for actual data and planed data. We assign the number interval to this number range groups. The number assignment in controlling will be done through Business transactions. Business transactions are used in controlling to identify the nature of activities in the controlling. There are separate business transactions for actual data and planned data.

Path: controlling-general controlling-organization-maintain number ranges for controlling documents
TC: KANK
Give controlling
area:2006 Click on

maintain groups button
Go to menu item group button and insert

Insert the group name for actual data and planned data separately.

Select the actual data check box: select the actual data business transactions from the non assigned list (by double clicking on the transaction) press F5 for



assignment of business transaction to the number interval

Figure 189

The above are the important business transactions in controlling area used for actual data and planned data. Unless and until you assign the number range the system will not at all allow posting in controlling area. The number range can be an external or internal number ranges.

Maintain versions: path: controlling-general controlling-organization- maintain versions. TC: OKEQ

Version is the collection of fiscal years dependant control indicators. These versions are used to process the plan data and actual data with in the controlling area. The different application components uses different versions to process the information. Sap has defined so many versions which are useful for different application components. With the creation of controlling area the system creates 000 versions for default for 5 years. The five year period will depend on the year you have opened for controlling area. We have to select the 000 version and make necessary data changes as per the project

requirement.

Select the 000 version (0 version) Double click on controlling area settings Select the 0 version again Double click on settings for each fiscal year

Select the year for which you want to see the details for version planning Click on details button: give the details as under in the screen

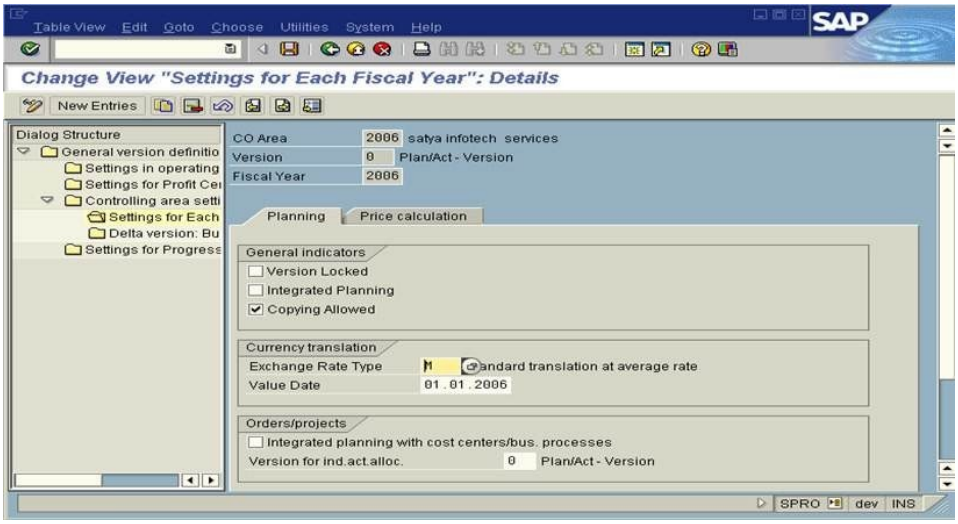


Figure 190

Click on price calculation button and give the plan price: average actual: average revaluation: own business revaluation

And select the purely iterative price check box and save the data

Account Assignment Logic:

In the configuration, we can set different validation statement, and substitution statements, and also the t assignment of controlling objects while making the postings in financial accounting..

Validations: Are check values while posting the information by the user: The values given by the user will be check with the two ways. In the first instance the user information is compared with the Boolean statement (pre requisite condition), then it will compare the prerequisite condition to the check statement. If the user data is the same as the validation statement then the system allow the posting. We can create any number of validation statements as per the project requirement. However, too many validations will bogged down the performance of the user. However, these validations are most useful in real time environment to ensure the correctness of data.

Note: Validations makes a warning or error messages before posting the data by the user

Substitutions: Are also used to ensure the correct data base updating. While posting the information by the user the given information is compared with

the substitution rules and update the data base. Substitution are most important to get the various reporting purposes.

Assignment of controlling objects: As per the assignment logic while posting the information in finance, we have to specify at least one controlling objects. Otherwise the system will not allow the posting in controlling. These controlling objects are two types one is true controlling objects and other one is statistical controlling objects.

True Controlling objects: These controlling objects are used to get the information from finance module and also can allocate and distribute the expenditure to other controlling objects as a part of period end closing. Where as the statistical controlling objects gets the information from finance module for information purpose only. We cannot allocate the same other controlling objects. We have to assign at least one true controlling objects to process the information in controlling, many statistical objects if required. The controlling objects are as under

Projects
Profitability
segments
Business process
Cost objects
Wbs
elements,
Production
orders, Sale
orders
Internal
orders Cost
centers.

The above controlling objects are used in various application components of controlling.

Document summarization in external accounting document: in this step we can set the fields required to be displayed in controlling area for the accounting documents posted in other application components.

We can set multiple valuation requirements within the controlling and currency type used for multiple valuations. The multiple valuations can be possible with the help of transfer of prices from one group to another group or one component to another component.

Follow up postings: The information posted in other application components, will automatically flows to controlling with the help assignment

of controlling objects to the transactions, and also with the help of business transactions assigned. However, sometimes if required we can update the information in controlling area subsequent to the posting. This functionality is called follow up postings. With this we can post the other application component postings as and when required. This functionality can help to post the information in reconciliation ledger also.

Follow up of postings are use full to post the down payments made/ received with in the controlling area Path: controlling-general controlling-organization-production start up-follow up posting-post follow up down payment posting.

CHAPTER 8

Cost Element Accountin

Cost element Accounting:

Cost element accounting deals with the collection of costs and summarization of costs within controlling and posts to reconciliation ledger. The cost element accounting is useful to post the cross company, across business area posting to financial accounting when the company is following cross company code cost accounting concept.

Cost elements are treated as the cost carriers from financial accounting to controlling or within the controlling i.e. from one controlling object to another controlling object. The cost elements are two types. One is Primary cost element and the second one Secondary cost element. Cost elements are nothing but the general ledger or non general ledger accounts used in controlling. The general ledger accounts which are created in general ledger component of financial accounting can not be used as it is in controlling we have to change them as cost elements. Like the way some accounts are required to process the information with in the controlling area exclusively, we can treat them separately as cost element.

Change the gl account into primary cost element: Primary cost element is other way called a general ledger account in finance module. Creation of General Ledger account is prerequisite to create a primary cost element. There is no primary cost element without general ledger account. For converting a general ledger account into primary cost element we have to assign the Primary cost element category. Cost element category specifies the nature of the element in controlling. There are different cost element categories in controlling defined by SAP only. These are

1.01 Primary cost element/cost

reducing revenues 2.03and 04 Imputed cost

elements

3.11 Revenue elements

4.12 Sales deductions

5.22 External settlement accounts.

These element categories cannot be changed in controlling area once the transactional data was posted into the cost elements.

Secondary cost element creation: Are the cost elements are exclusively created in controlling, used in controlling. With the help of these elements we can repost, allocate, and distribute the cost from one object to another controlling object. While defining the secondary cost elements, we have to specify the secondary cost element category. According to the category the secondary element can be used for the specific purpose for which it is created. The secondary cost element categories are as under:

1.21. Internal order settlement
2.41. Overhead rate
3.42. Assessment
4.43. Internal activity allocation

Creation of cost element either primary or secondary can be done in two ways. Individual creation or manual creation of cost element and automatic creation of cost elements.

> Before creation of cost element the prerequisite condition is that we have to complete the settings in Organizational units i.e. creation of controlling area

Manual creation of cost element:
This is the first master data in controlling area. The master data in controlling area can be created either in IMG screen or in Easy Access Screen. There by it facilitates to make any changes or fresh creations as per the requirement of project in later days. The master data in controlling area are always time dependant. Hence we have to specify the validity period for the master data. We can create the master data again after the expiry of validity period. Path: accounting-controlling-cost element accounting-master data-cost element-individual processing-**create KA01 (primary)**

We can assign the cost element category as to define the nature of the cost element

Click on indicators button (if you want track the recorded quantity we can select the check box.

By clicking default account assignment we can set the default account assignment in which you process with

this cost element.

Save the master data. Like the way we can create the primary cost elements. For revenue elements we have to assign the cost element category 11

Automatic creation of primary and secondary cost elements: path: Controlling-Cost element accounting-Master data-Cost elements-automatic creation of primary and secondary cost element-make default settings TC: OKB2

Give chart of accounts: 2006 <press enter>

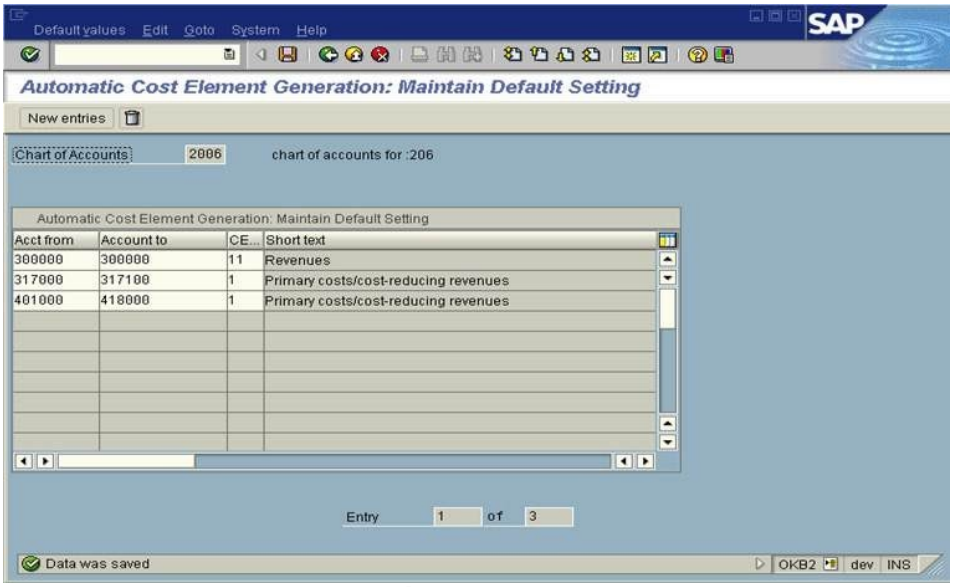

Default values Edit Goto System Help
SAP
Automatic Cost Element Generation: Maintain Default Setting
New entries
Chart of Accounts 2006 chart of accounts for :206
Automatic Cost Element Generation: Maintain Default Setting
Acct from | Account to | CE... | Short text
300000 | 300000 | 11 | Revenues
317000 | 317100 | 1 | Primary costs/cost-reducing revenues
401000 | 418000 | 1 | Primary costs/cost-reducing revenues
Entry 1 of 3
Data was saved
OKB2 dev INS

Figure 191

Create Batch input session: same path: TC: OKB3

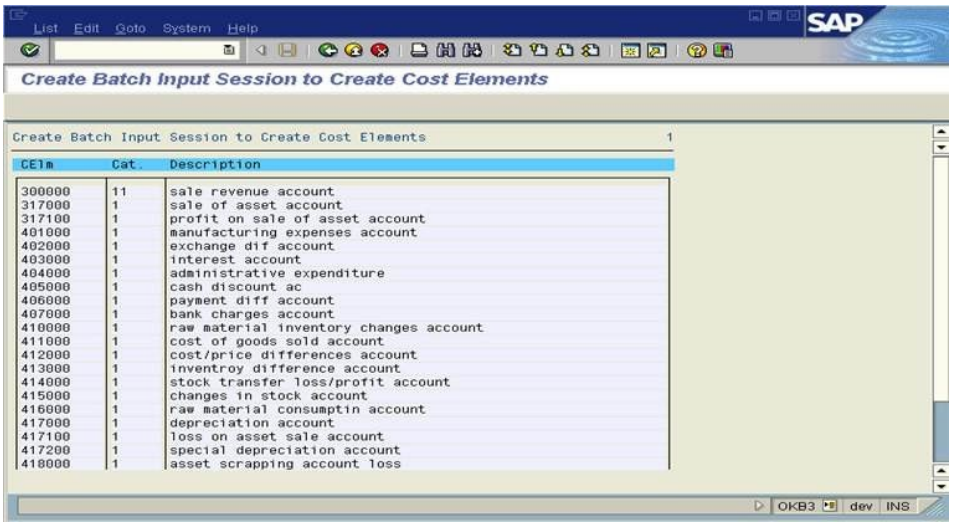

List Edit Goto System Help
SAP
Create Batch Input Session to Create Cost Elements
Create Batch Input Session to Create Cost Elements 1
CElm | Cat. | Description
300000 | 11 | sale revenue account
317000 | 1 | sale of asset account
317100 | 1 | profit on sale of asset account
401000 | 1 | manufacturing expenses account
402000 | 1 | exchange dif account
403000 | 1 | interest account
404000 | 1 | administrative expenditure
405000 | 1 | cash discount ac
406000 | 1 | payment diff account
407000 | 1 | bank charges account
410000 | 1 | raw material inventory changes account
411000 | 1 | cost of goods sold account
412000 | 1 | cost/price differences account
413000 | 1 | inventroy difference account
414000 | 1 | stock transfer loss/profit account
415000 | 1 | changes in stock account
416000 | 1 | raw material consumptin account
417000 | 1 | depreciation account
417100 | 1 | loss on asset sale account
417200 | 1 | special depreciation account
418000 | 1 | asset scrapping account loss
OKB3 dev INS

Figure 192

Change the session name and click on execute the screen appear like the above and execute in SM35

Display of cost elements list: path: accounting-controlling-cost element accounting-information system-reports for cost element accounting-master data indexes-**KA23** cost elements

Give the cost element number range and execute.

Change the cost element: we can make the changes to the cost element master data before posting the transaction data into the element. The transaction code: KA02

Display of cost element: KA03

We can delete the Master data in controlling. The deletion option is also made available to the users in the easy access screen. However, no master in finance can be deleted by the user

Define cost element group: controlling-cost element accounting-information system-define cost element account group: KAH1

Double click on the define cost element group

Give the name of the cost element group: 2006_prel<press enter> and give the description.

Keep the cursor on the line select lower level button and give the name of lower level group's names and save the data. like the way we can create a structure for cost elements.

Accrual calculation: Method of evenly spreading irregularly occurring costs over the periods involved and distributing them by cause to the appropriate periods. In Controlling, a business expense can only be transferred with a partial amount. If costs are incurred in large batches for more than one period or for an entire year, then unacceptable cost fluctuations arise from settlement period to settlement period, which affects the prices. Since you have to post the costs in CO by period, the accrual calculation is used to avoid these fluctuations.

For the calculation of accruals we have create cost elements with accrual cost element category. We can define different methods to post the accrual expenditure.

They are1.financial recurring entry method 2.percentage method and3.target=actual method. With the help of these tools we can post the actual expenditure for the period.

Reconciliation Ledger: Reconciliation ledger used in controlling to know the summarized balances of various cost elements in controlling. The summarized balances reporting can be prepared basing on either cost object wise or object class wise. The main purpose of reconciliation accounts to compare the balances of controlling and financial accounting in account wise. In case of cross company code cost accounting the reconciliation ledger used to report the balances posted across the company codes, across business area, functional area wise. Reconciliation ledger helps to reconcile the transactions among various company codes are following cross company code cost accounting

Pre requisite:

1. Activate the reconciliation ledger in controlling area
2. Open adjustment account in expenses account

Define the number ranges for reconciliation documents: path: controlling-cost element accounting-reconciliation ledger-define number ranges for reconciliation documents: TC: OK13

Give the company code: 2006

Click on change interval button; insert interval button

Give the number object and number interval and click on insert button and save the data

Define accounts for automatic posting: path: controlling-cost element accounting-reconciliation ledger-define adjustment account for posting-

Double click on define accounts for

automatic posting Click on change account

determination button

Select debit/credit check box and co transaction check box and save the data

Give the co. transaction and debit and credit account number. Screen appears as under.

End user reports on cost element accounting: cost elements business area wise break up:

path: information systems-accounting-controlling-cost element accounting-overview: s_alr_87013598, 87013599 and 87013600

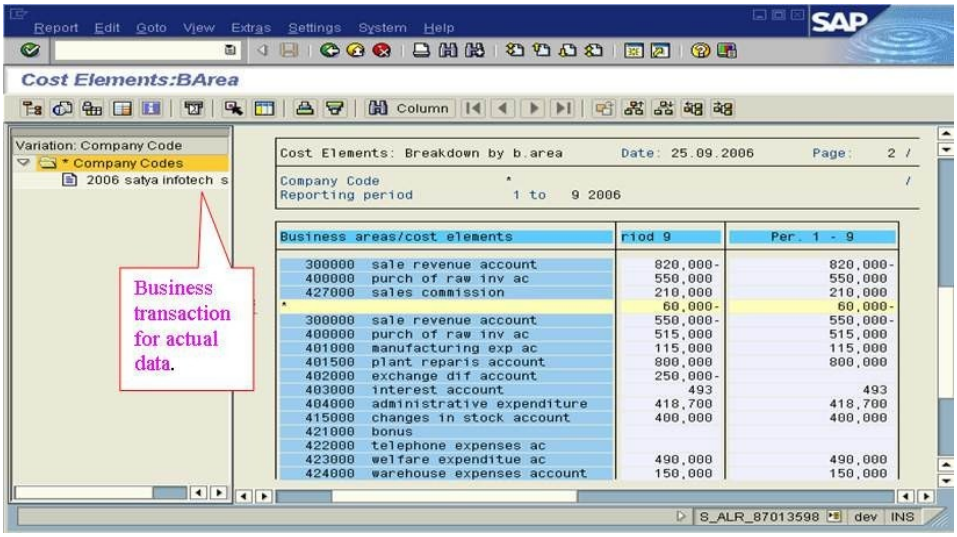

Report Edit Goto View Extras Settings System Help
SAP
Cost Elements:BArea
Column
Variation: Company Code
* Company Codes
2006 satya infotech s
Business transaction for actual data.
Cost Elements: Breakdown by b.area
Date: 25.09.2006
Page: 2 /
Company Code *
Reporting period 1 to 9 2006
Business areas/cost elements
riod 9
Per. 1 - 9
300000 sale revenue account 820,000- 820,000-
400000 purch of raw inv ac 550,000 550,000
427000 sales commission 210,000 210,000
* 60,000- 60,000-
300000 sale revenue account 550,000- 550,000-
400000 purch of raw inv ac 515,000 515,000
401000 manufacturing exp ac 115,000 115,000
401500 plant reparis account 800,000 800,000
402000 exchange dif account 250,000-
403000 interest account 493 493
404000 administrative expenditure 418,700 418,700
415000 changes in stock account 400,000 400,000
421000 bonus
422000 telephone expenses ac
423000 welfare expenditue ac 490,000 490,000
424000 warehouse expenses account 150,000 150,000
S_ALR_87013598
dev
INS

Figure 193

FI-CO reconciliation report: path is same : s_alr_87013603

CHAPTER 9

Cost Center Accountin

COST CENTRE ACCOUNTING

Cost centre accounting is the core component of over head management of controlling. It deals with the costs of the organization in detailed. In this concept we can learn how the costs are incurring in the organization? Whether they are in tuned with the planned levels? Besides that the cost centre accounting deals with the allocation of costs from one cost center to another cost centre in the controlling area. Cost centre accounting micro level diagnosis system for the costs in the controlling area.

The main objective of the cost accounting is to plan the cost and compare with the actual and prepare the variance analysis report for the responsible person. These reports are invaluable for the internal management decision making. The core component of cost centre accounting is cost centre. There are other important things in cost centre accounting are activity types and statistical key figures.

A Cost centre means the place where the origin of costs. In the process of configuration of cost centre in a project we have to discuss and understand the organizational setup of the project in respect of cost centre accounting. Accordingly we have to define the cost centers as the requirement of the project. The cost centre creation and other related activities made accessible to all users for the purpose of flexibility. Before taking up the configuration of cost centre accounting we must ensure the following activities have been completed.

1. Organizational units in general controlling
2. Cost element accounting concepts in CO-OM-CEL component.
3. Activate the cost centre accounting in controlling area. (OKKP)

Cost center accounting can be divided a 3 master records.

1. Cost centre configuration
2. Activity type configuration
3. Statistical key figure configuration. We will deal them individually sequentially.

Set the controlling area: path: accounting-cost center accounting- environment-set controlling area TC: OKKS.

It ensures the controlling area in which we want to carry the cost centre accounting configurations.

Period Lock: path is same as above: TC: OKP1

In this activity we can lock/un lock the periods in which you want to take up the cost centre accounting

And further we lock certain business transactions period wise also.

Creation of cost centre group: controlling-cost center accounting-master data cost centre-creation of cost centre group: TC: KAHI

Double click on create cost centre group

Give the cost centre group name or give the cost centre standard hierarchy<press enter>

Give the description of the standard hierarchy,

Keep the cursor on the description and click on lower level button to create the cost centre group(under standard hierarchy)

Create the required cost centre groups and save the cc standard hierarchy tree.

(We can create the standard hierarchy and cost centers in TC: okeon either in IMG or easy access screen)

Creation of Cost center Categories:

Cost center categories, are defined to specify the nature of the cost centers. These cost center categories are useful in activity planning of a cost center. The cost center categories are defaulted by sap or we can create as per the project requirement. The categories restrict the usage of cost centers in cost center planning. The categories can not be changed after the transactional data was posted to a cost center. The cost center categories specify the data can be captured or posted to a cost centers. We can define the cost centre category with single digit character only.

Path: controlling-cost center accounting-master data-cost center-define cost centre categoriesTC: OKA2

Note: in this activity we can restrict the allowed data at category level; there by the cost centers, which are assigned with this type can allow the data mentioned in category level. We can made changes to the allowed data even in master data level also. Hence the category is nothing but a control function for cost centers.

Creation of cost centers: path: controlling-cost center accounting-master data-cost center-create cost centre master record (we can create the cost centre in easy access screen also) TC: KS01

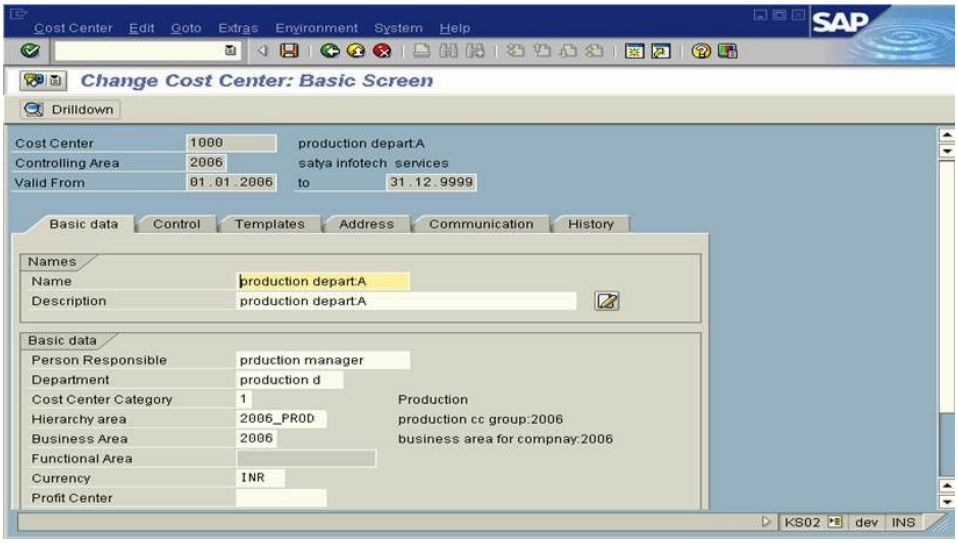
298

Double click on create master data:

Give the cost centre name: 1000 (maximum 10 characters)

Validity period start date: 010106 to end date: 31129999<press enter> or click on master data button

Give the details and save the cost center. The master data is as



under.

Figure 194

Points remember in creation of cost centre:

1. **We can create different cost centers with different validity period. We can create same cost centre with different validity periods as well.**
2. **While creating master record in controlling, we categorically have to mention the responsible person name. We can create the same cost center with different responsible person with different validity period.**
3. **We have to specify the hierarchy in the cost center which decides the allowable data for this cost center.**
4. **While creating the cost center we have to mention the currency in which the cost center is to be reported. The currency mentioned in cost center is coined as Object currency. It may be the controlling area currency or may be different currency**
5. **In control parameters we have to set parameters**

otherwise specified in cost center category.

6. **Activation of cost center will be done automatically, we can not execute separately, however, profit center and business process has to be activated manually.**

Display the list of cost centers: path: Accounting-cost center accounting- information system-reports for cost centers-master data indexes-KS13 master data indexes.

We can verify the cost centers.

Cost centre planning:

Cost center planning forms one part of the overall company planning process and should be integrated with it. In cost center planning you plan primary and secondary costs as well as activity and consumption quantities.

Cost centers are planned for specific timeframes, usually for one fiscal year but also for fiscal quarters or other periods.

If you want to plan the cost centers, we require the following basic configurations settings.

1. Plan versions: while defining the controlling area we have already selected the plan version 000 as our planning version.TC:OKEQ
2. We have to define the planner profiles: Sap All is our planner profile. It contains the planning areas in which the plan lay outs are available. The plan lay outs can be used for our cost center planning. TC:KP34
3. Another configuration is defining the distribution keys: the distribution keys are used to distribute the planning figures over the periods. Sap has already defined the keys we can use them for the purpose of cost center planning. Other wise we can define our own distribution keys as per the requirement of the project. TC:KP80

Set the Planner Profile: TC: kp04: set planner profile: give the profile: sap all and save the data

Planning of cost centers: Activity independent planning: In this type of planning we have to plan cost

center wise, or group wise with the cost element wise or group wise. In the activity independent planning we have to presume all the costs are as fixed costs and accordingly plan the figures cost element wise.

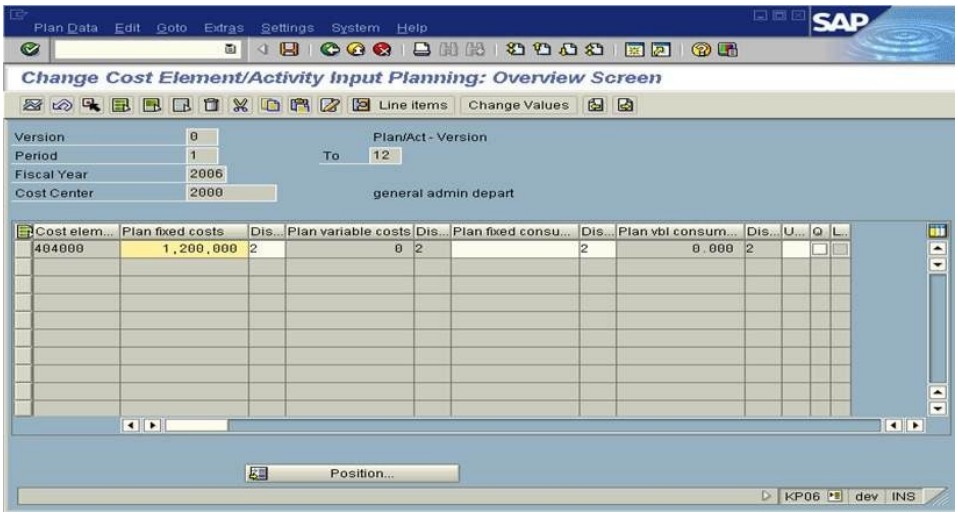
Path: accounting-controlling-cost center accounting-planning-costs and activity inputs: KP06

Give the plan vesion: 0 Give from period: 01 and to period: 12(we can any period individually also) give fiscal year

Give the Cost centre or cost center group:

2000(administrative cost center) Give the cost element or element Group: 404000 (administrative exp)

Select form based and clicks on Overview button and gives the planned amount in the column provided. The


Plan Data Edit Goto Extras Settings System Help
SAP
Change Cost Element/Activity Input Planning: Overview Screen
Line items
Change Values
Version 0
Plan/Act - Version
Period 1
To 12
Fiscal Year 2006
Cost Center 2000
general admin depart
Cost elem... Plan fixed costs Dis... Plan variable costs Dis... Plan fixed consu... Dis... Plan vbl consum... Dis... U... Q L...
404000 1,200,000 2 0 2 2 0.000 2
Position...
KP06 dev INS

appearance of the screen as under

Figure 196

We can give the plan figure element wise and cost center wise and save the transaction. If you want to see the figures in period wise click on period screen button on application menu or F6. system displays the planned figure in period's wise distribution with the help of Distribution key mentioned in the column. In the above example the period wise distribution was 1.00.000 per each period :(1200000/12=100000)*distribution key is 2 means as before distribution.

Verification of Planning reports: accounting- controlling-cost center accounting-information system-reports for cost center accounting-planning reports-KSBL cost centre planning overview:

Period break down report for planning data: more reports>s_alr_87013640. To verify the plan document: up to reports to cost center accounting is same<line items>KABP CO plan documents:

Give the document number; system prompts for date of document: 13.09.06 and continue and execute. It displays the document and verify the document and business transaction .

To verify the controlling Planning line items: TC: KSBP: planned line items: give the details and execute:

Cost centers: actual/plan variance Report: path is same: S_ALR_87013611: Execute and verify the report:

Verify the figures in the report and double click on the planned values or click on call up report and verify the details by drill down and save the report. The screen of the report as under.

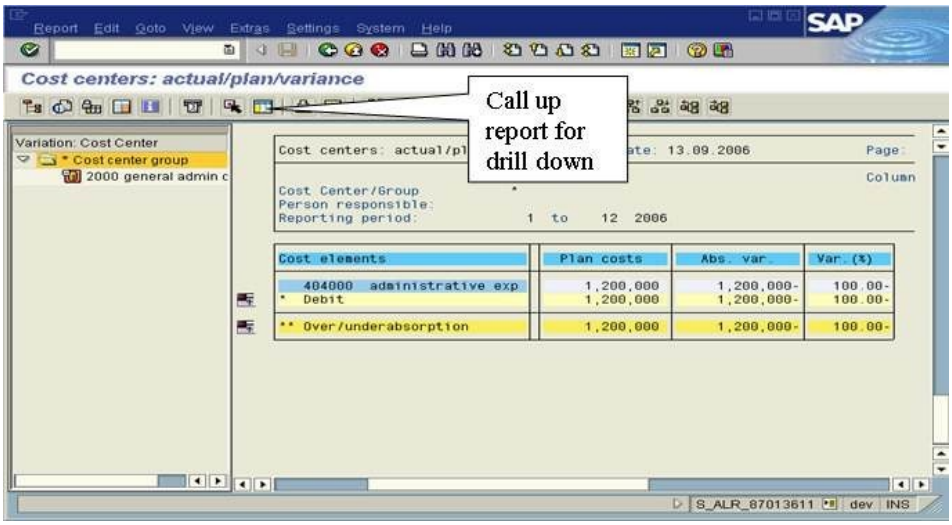


Figure 197

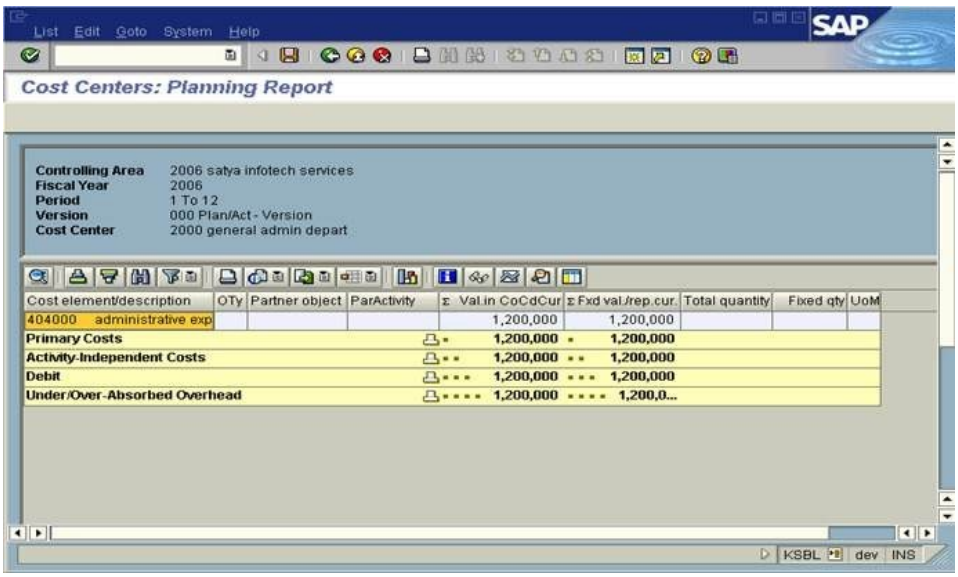


Figure 198

Ensure the field status in obc 4: the cost centre should be selected as optional entry.

Post the actual data in F-02 general posting screen: specifying the cost centre: 2000 and verify the cost center report: in s_alr_87013611.

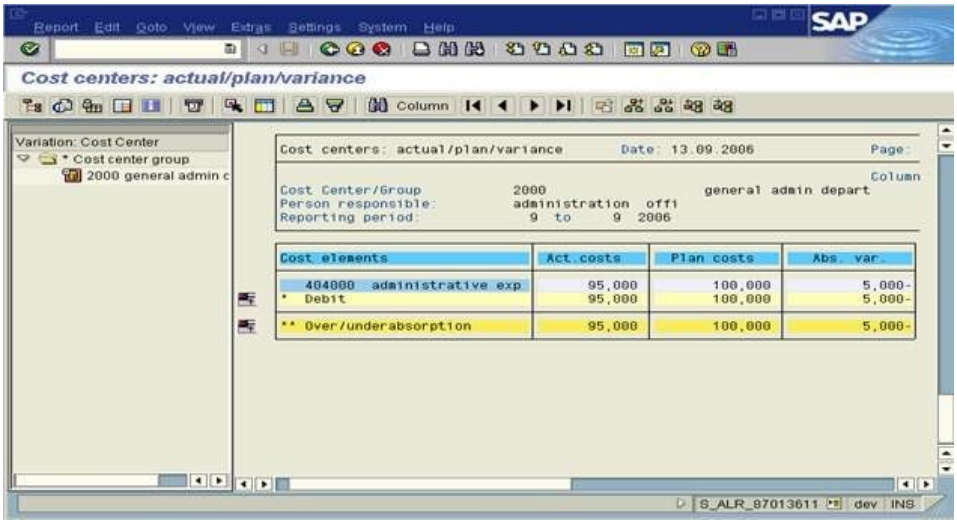


Figure 199

Observe the variance and double click on the individual items for further drill down details.

Default assignment of cost center V/s Automatic account assignment:

Default Assignment of Cost center can be make in the Master data creation of Cost element. If you mention any cost center system posts relevant expenses in the default cost centre even without mentioning in the posting row by default. **(change cost element:ka02)** click on default assignment and give the cost center. And save the data.

Edit Automatic account assignment: controlling-cost center accounting- actual postings-manual postings-edit automatic assignments: **TC: OKB9**

Click on new entries button

Give company code and cost element and controlling object for automatic assignment (cc or order or pc) and save the data. Whenever you are posting the data for the cost element (for which automatic account assignment is made) system prompts the cost center automatically in

the posting row. It will over ride the Default assignment even if made.

Define screen variants for posting in controlling area: path: controlling- cost center accounting-actual data-manual posting of data-define screen variants for posting in controlling area:

We can use the screen variants defaulted by SAP. Or we can create our own screen variants if required.

Click on new entries button; give the variant name and description and save the data .select the variant and define the screen variant rules and select the fields as per the requirement of the variant. Save it.

Cost center budgeting: define the budget profile: path: controlling-cost center accounting-budget management-define budget planning profile:

Click on new entries button

Give the budget time frame and other details as under appearing in the screen

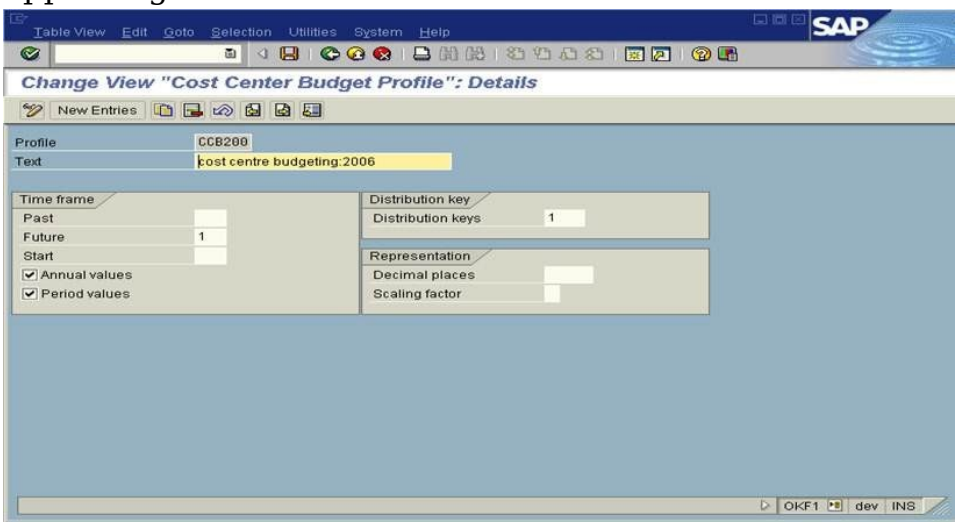


Figure 200

Give the past, future years for which you want to budget. Need not to be given the start column. Null value by default considers the present year. And save the budget profile:

Post the Budgets to the cost centers: accounting-cost center-planning-cost center budgets-KPZ2 change

Give the budget profile name:

ccb200 Give the cost centre to

be budgeted: 2000

Click on overview button give the annual figure and save:

Verify the budget as per period also. And verify the report: s_alr_13648. The budgeting is linked to the commitment accounting.(commitment accounting is discussed latter in this chapter)

Cost center report: plan and actual: path: information system- accounting-controlling-cost center accounting-plan and actual comparisions-s_alr_87013612.

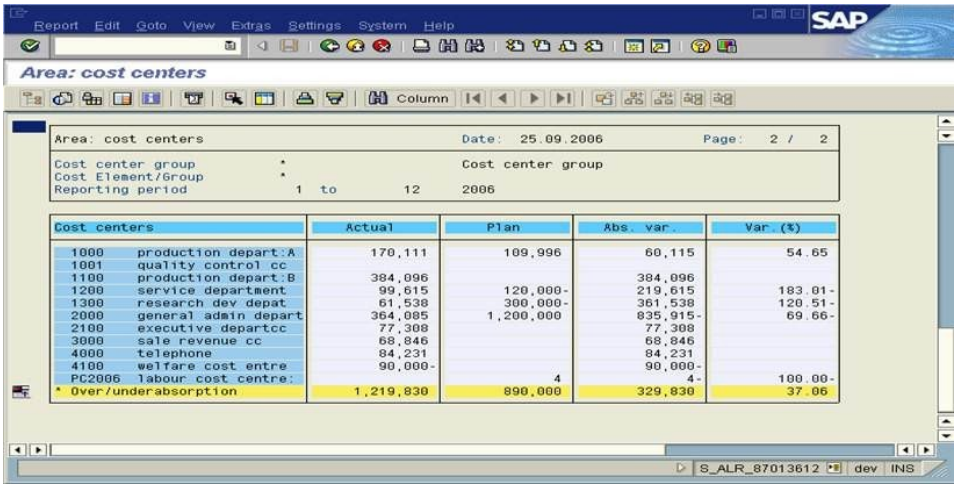

Report Edit Goto View Extras Settings System Help
SAP
Area: cost centers
Column
Area: cost centers Date: 25.09.2006 Page: 2 / 2
Cost center group * Cost center group
Cost Element/Group *
Reporting period 1 to 12 2006
Cost centers | Actual | Plan | Abs. var. | Var.(%)
1000 production depart:A | 170,111 | 109,996 | 60,115 | 54.65
1001 quality control cc
1100 production depart:B | 384,096 | | 384,096
1200 service department | 99,615 | 120,000- | 219,615 | 183.01-
1300 research dev depat | 61,538 | 300,000- | 361,538 | 120.51-
2000 general admin depart | 364,085 | 1,200,000 | 835,915- | 69.66-
2100 executive departcc | 77,308 | | 77,308
3000 sale revenue cc | 68,846 | | 68,846
4000 telephone | 84,231 | | 84,231
4100 welfare cost entre | 90,000- | | 90,000-
PC2006 labour cost centre: | | 4 | 4- | 100.00-
* Over/underabsorption | 1,219,830 | 890,000 | 329,830 | 37.06
S_ALR_87013612 dev INS

Figure 201

Cost center and element wise report:s_alr_87013613

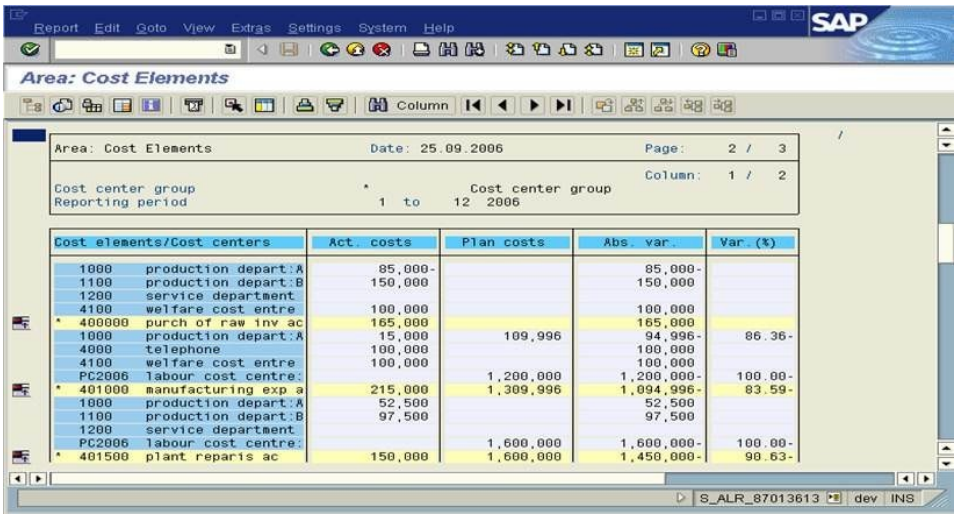

Report Edit Goto View Extras Settings System Help
SAP
Area: Cost Elements
Column
Area: Cost Elements Date: 25.09.2006 Page: 2 / 3
Column: 1 / 2
Cost center group * Cost center group
Reporting period 1 to 12 2006
Cost elements/Cost centers | Act. costs | Plan costs | Abs. var. | Var.(%)
1000 production depart:A | 85,000- | | 85,000-
1100 production depart:B | 150,000 | | 150,000
1200 service department
4100 welfare cost entre | 100,000 | | 100,000
* 400000 purch of raw inv ac | 165,000 | | 165,000
1000 production depart:A | 15,000 | 109,996 | 94,996- | 86.36-
4000 telephone | 100,000 | | 100,000
4100 welfare cost entre | 100,000 | | 100,000
PC2006 labour cost centre: | | 1,200,000 | 1,200,000- | 100.00-
* 401000 manufacturing exp a | 215,000 | 1,309,996 | 1,094,996- | 83.59-
1000 production depart:A | 52,500 | | 52,500
1100 production depart:B | 97,500 | | 97,500
1200 service department
PC2006 labour cost centre: | | 1,600,000 | 1,600,000- | 100.00-
* 401500 plant reparis ac | 150,000 | 1,600,000 | 1,450,000- | 90.63-
S_ALR_87013613 dev INS

Figure 202

Cost centers and period wise report:s_alr_87013614

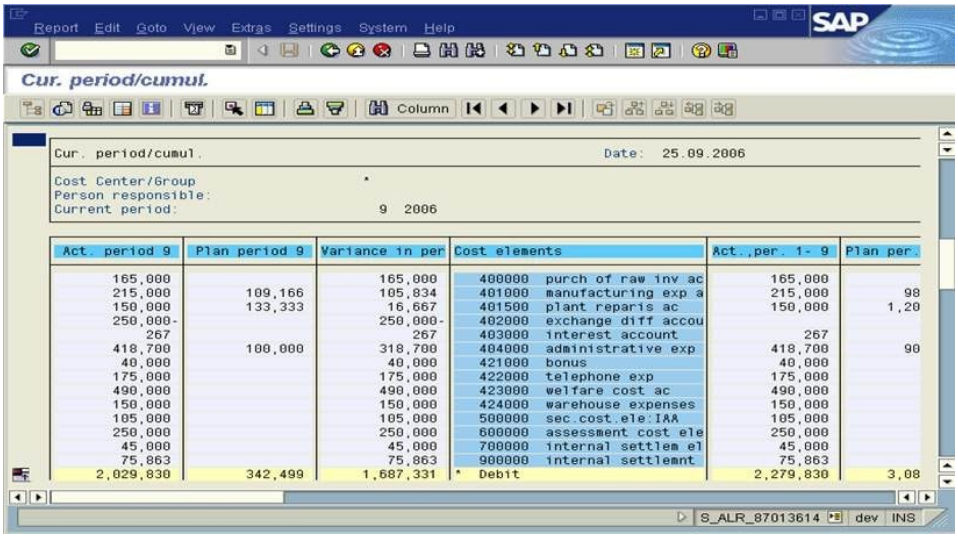

Report Edit Goto View Extras Settings System Help
SAP
Cur. period/cumul.
Column
Cur. period/cumul. Date: 25.09.2006
Cost Center/Group *
Person responsible:
Current period: 9 2006
Act. period 9 | Plan period 9 | Variance in per | Cost elements | Act.,per. 1- 9 | Plan per.
165,000 | | 165,000 | 400000 purch of raw inv ac | 165,000 |
215,000 | 109,166 | 105,834 | 401000 manufacturing exp a | 215,000 | 98
150,000 | 133,333 | 16,667 | 401500 plant reparis ac | 150,000 | 1,20
250,000- | | 250,000- | 402000 exchange diff accou |
267 | | 267 | 403000 interest account | 267 |
418,700 | 100,000 | 318,700 | 404000 administrative exp | 418,700 | 90
40,000 | | 40,000 | 421000 bonus | 40,000 |
175,000 | | 175,000 | 422000 telephone exp | 175,000 |
490,000 | | 490,000 | 423000 welfare cost ac | 490,000 |
150,000 | | 150,000 | 424000 warehouse expenses | 150,000 |
105,000 | | 105,000 | 500000 sec.cost.ele:IAA | 105,000 |
250,000 | | 250,000 | 600000 assessment cost ele | 250,000 |
45,000 | | 45,000 | 700000 internal settlem el | 45,000 |
75,863 | | 75,863 | 900000 internal settlemnt | 75,863 |
2,029,830 | 342,499 | 1,687,331 | * Debit | 2,279,830 | 3,08
S_ALR_87013614 dev INS

Figure 203

Cost center report /business transaction or cost wise: s_alr_87013616

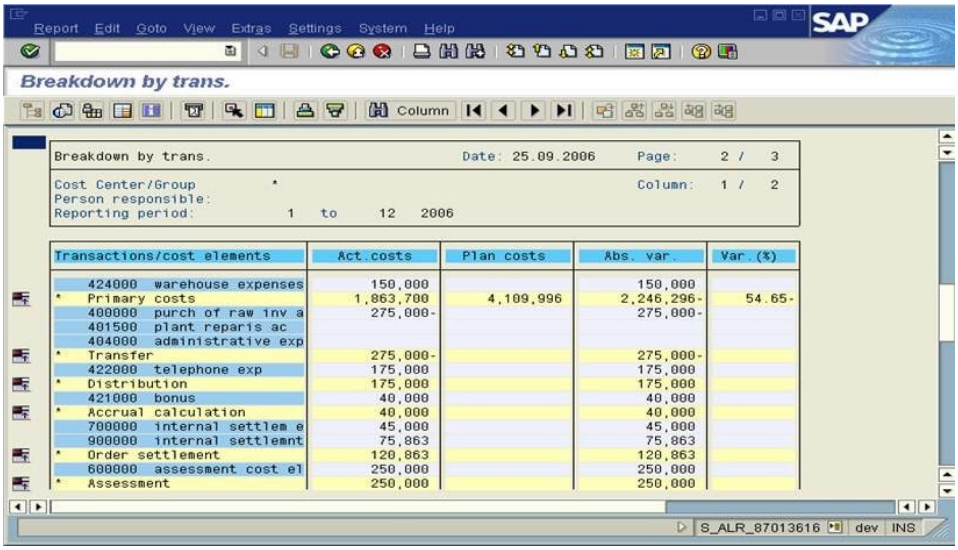

Report Edit Goto View Extras Settings System Help
SAP
Breakdown by trans.
Column
Breakdown by trans. Date: 25.09.2006 Page: 2 / 3
Cost Center/Group * Column: 1 / 2
Person responsible:
Reporting period: 1 to 12 2006
Transactions/cost elements | Act.costs | Plan costs | Abs. var. | Var.(%)
424000 warehouse expenses | 150,000 | | 150,000 |
* Primary costs | 1,863,700 | 4,109,996 | 2,246,296- | 54.65-
400000 purch of raw inv a | 275,000- | | 275,000- |
401500 plant reparis ac | | | |
404000 administrative exp | | | |
* Transfer | 275,000- | | 275,000- |
422000 telephone exp | 175,000 | | 175,000 |
* Distribution | 175,000 | | 175,000 |
421000 bonus | 40,000 | | 40,000 |
* Accrual calculation | 40,000 | | 40,000 |
700000 internal settlem e | 45,000 | | 45,000 |
900000 internal settlemnt | 75,863 | | 75,863 |
* Order settlement | 120,863 | | 120,863 |
600000 assessment cost el | 250,000 | | 250,000 |
* Assessment | 250,000 | | 250,000 |
S_ALR_87013616 dev INS

Figure 204

Quarterly cost center report: path is same ; TC:s_alr_87013623

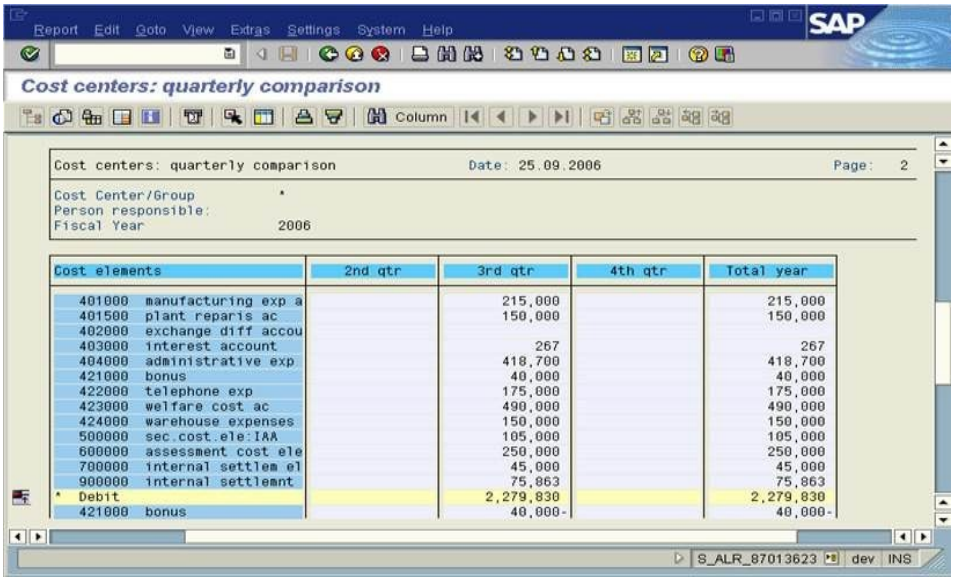

Report Edit Goto View Extras Settings System Help
SAP
Cost centers: quarterly comparison
Column
Cost centers: quarterly comparison Date: 25.09.2006 Page: 2
Cost Center/Group *
Person responsible:
Fiscal Year 2006
Cost elements | 2nd qtr | 3rd qtr | 4th qtr | Total year
401000 manufacturing exp a | 215,000 | 215,000
401500 plant reparis ac | 150,000 | 150,000
402000 exchange diff accou
403000 interest account | 267 | 267
404000 administrative exp | 418,700 | 418,700
421000 bonus | 40,000 | 40,000
422000 telephone exp | 175,000 | 175,000
423000 welfare cost ac | 490,000 | 490,000
424000 warehouse expenses | 150,000 | 150,000
500000 sec.cost.ele:IAA | 105,000 | 105,000
600000 assessment cost ele | 250,000 | 250,000
700000 internal settlem el | 45,000 | 45,000
900000 internal settlemnt | 75,863 | 75,863
* Debit | 2,279,830 | 2,279,830
421000 bonus | 40,000- | 40,000-
S_ALR_87013623 dev INS

Figure 205

Cost centers/fiscal year comparison report:s_alr_87013624

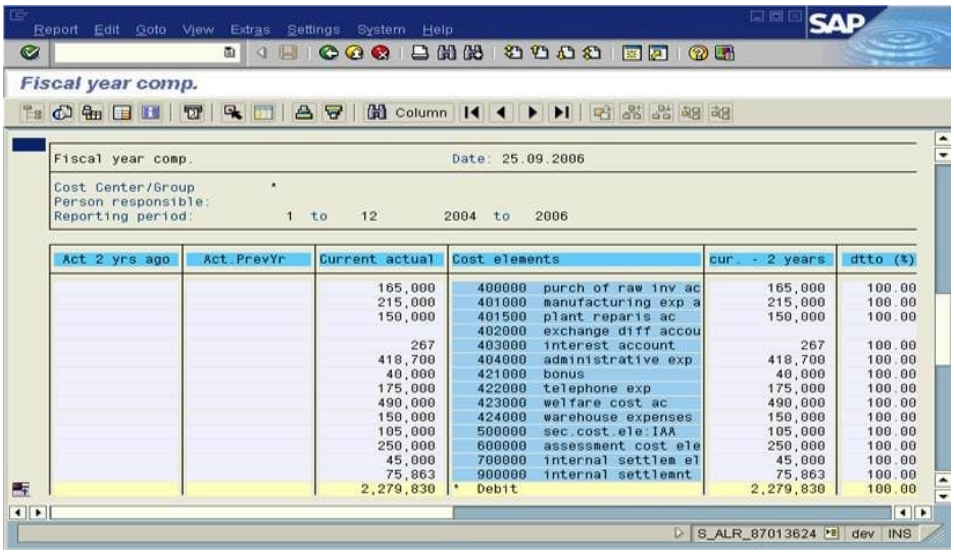

Report Edit Goto View Extras Settings System Help
SAP
Fiscal year comp.
Column
Fiscal year comp. Date: 25.09.2006
Cost Center/Group *
Person responsible:
Reporting period: 1 to 12 2004 to 2006
Act 2 yrs ago | Act.PrevYr | Current actual | Cost elements | cur. - 2 years | dtto (%)
165,000 | 400000 purch of raw inv ac | 165,000 | 100.00
215,000 | 401000 manufacturing exp a | 215,000 | 100.00
150,000 | 401500 plant reparis ac | 150,000 | 100.00
402000 exchange diff accou
267 | 403000 interest account | 267 | 100.00
418,700 | 404000 administrative exp | 418,700 | 100.00
40,000 | 421000 bonus | 40,000 | 100.00
175,000 | 422000 telephone exp | 175,000 | 100.00
490,000 | 423000 welfare cost ac | 490,000 | 100.00
150,000 | 424000 warehouse expenses | 150,000 | 100.00
105,000 | 500000 sec.cost.ele:IAA | 105,000 | 100.00
250,000 | 600000 assessment cost ele | 250,000 | 100.00
45,000 | 700000 internal settlem el | 45,000 | 100.00
75,863 | 900000 internal settlemnt | 75,863 | 100.00
2,279,830 * Debit | 2,279,830 | 100.00
S_ALR_87013624 dev INS

Figure 206

Cost center line items report: KSB1

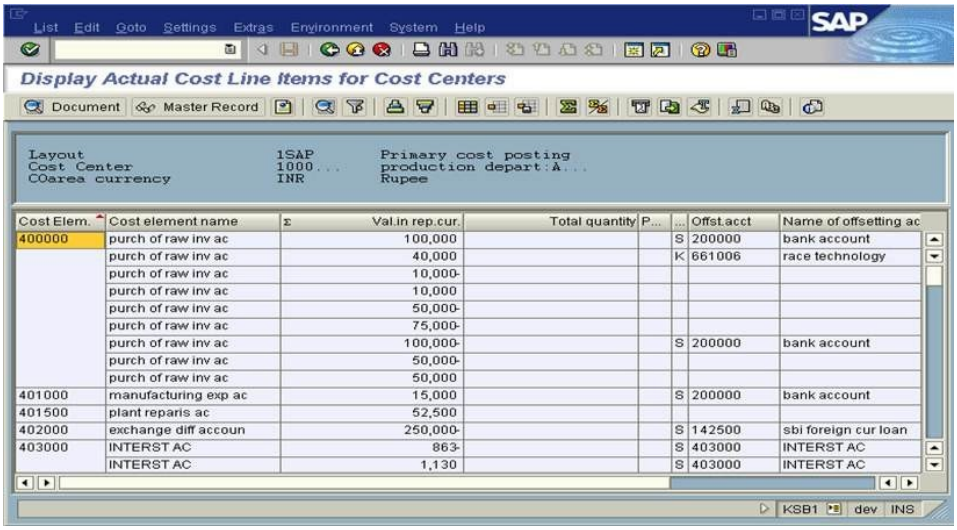

List Edit Goto Settings Extras Environment System Help
SAP
Display Actual Cost Line Items for Cost Centers
Document Master Record
Layout 1SAP Primary cost posting
Cost Center 1000... production depart:A...
COarea currency INR Rupee
Cost Elem. Cost element name Σ Val.in rep.cur. Total quantity P... ... Offst.acct Name of offsetting ac
400000 purch of raw inv ac 100,000 S 200000 bank account
purch of raw inv ac 40,000 K 661006 race technology
purch of raw inv ac 10,000-
purch of raw inv ac 10,000
purch of raw inv ac 50,000-
purch of raw inv ac 75,000-
purch of raw inv ac 100,000- S 200000 bank account
purch of raw inv ac 50,000-
purch of raw inv ac 50,000
401000 manufacturing exp ac 15,000 S 200000 bank account
401500 plant reparis ac 52,500
402000 exchange diff accoun 250,000- S 142500 sbi foreign cur loan
403000 INTERST AC 863- S 403000 INTERST AC
INTERST AC 1,130 S 403000 INTERST AC
KSB1 dev INS

Figure 207

Cost center plan line item report: KSBP:

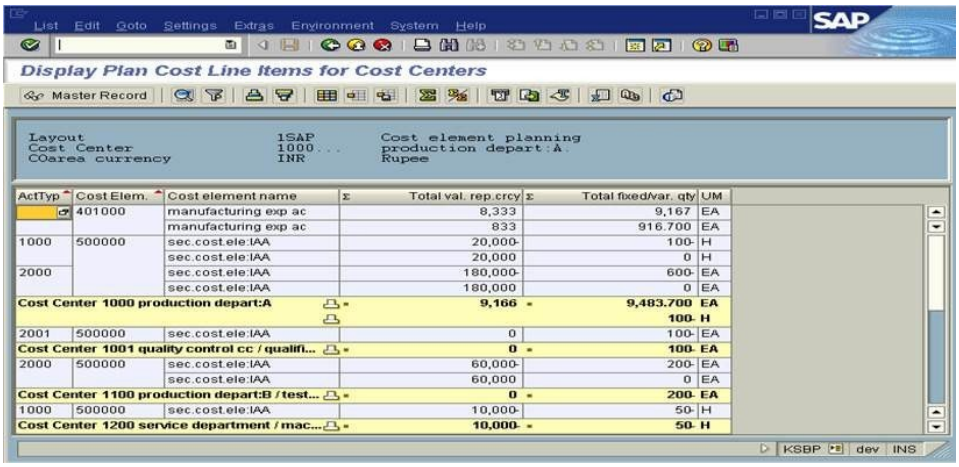

List Edit Goto Settings Extras Environment System Help
SAP
Display Plan Cost Line Items for Cost Centers
Master Record
Layout 1SAP Cost element planning
Cost Center 1000... production depart:A
COarea currency INR Rupee
ActTyp Cost Elem. Cost element name Σ Total val. rep.crcy Σ Total fixed/var. qty UM
401000 manufacturing exp ac 8,333 9,167 EA
manufacturing exp ac 833 916.700 EA
1000 500000 sec.cost.ele:IAA 20,000- 100- H
sec.cost.ele:IAA 20,000 0 H
2000 sec.cost.ele:IAA 180,000- 600- EA
sec.cost.ele:IAA 180,000 0 EA
Cost Center 1000 production depart:A 9,166 9,483.700 EA
100- H
2001 500000 sec.cost.ele:IAA 0 100- EA
Cost Center 1001 quality control cc / qualifi... 0 100- EA
2000 500000 sec.cost.ele:IAA 60,000- 200- EA
sec.cost.ele:IAA 60,000 0 EA
Cost Center 1100 production depart:B / test... 0 200- EA
1000 500000 sec.cost.ele:IAA 10,000- 50- H
Cost Center 1200 service department / mac... 10,000- 50- H
KSBP dev INS

Figure 208

ACTIVITY MASTER DATA

Activity type is another type of master record in cost center accounting. Activity type means the activity of the cost center. Every cost center has its own activity. Example production department has the activity of producing goods. Activity type and cost center are interlinked. Hence to assign the activity types to cost centre we must create the activity type master Record. A unit in a controlling area that classifies the activities performed in a cost center.

Example

Activity types in production cost centers are machine hours or finished units.

Before creating the master record of the activity type we must create one cost element with which the activity types will be allocated to different cost centers. The cost element used to allocate the activity types is the Secondary cost element with category 43.i.e. internal activity allocation.

Create secondary cost element: TC: KA06:

Give the cost element number: any number: 500000(outside the purview of primary element no, range)

Give the validity period: 01.01.06 to 31.12.2006(same as cost centers)

Give the short text and long text, and give the cost element category: 43 and save the data.

Create activity type: controlling-cost center accounting-master data-activity type-create activity type: TC: KL01

Double click on create activity type

Give the 6 character code name of the activity type:1000

Give the validity period same as cost centre and cost element: 01.0106 to 3112999. <Press enter>

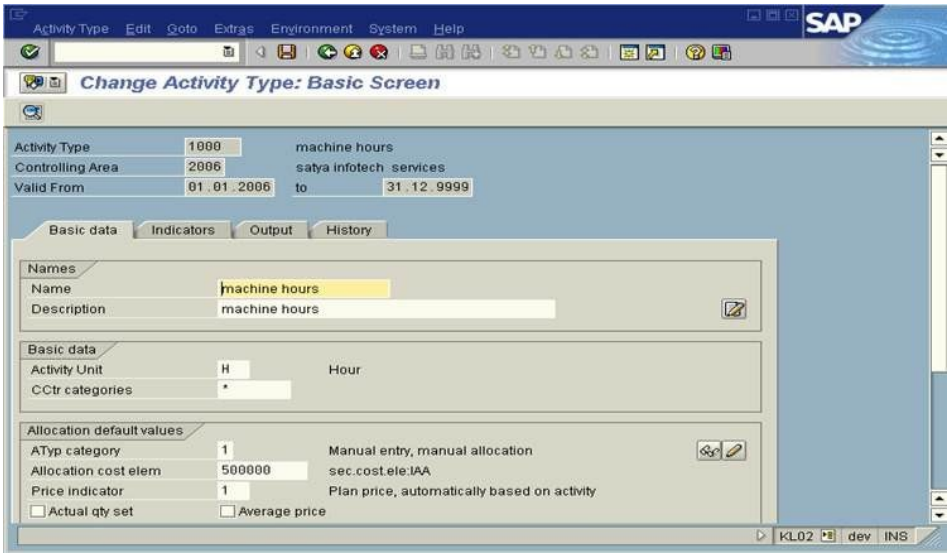

Activity Type Edit Goto Extras Environment System Help
SAP
Change Activity Type: Basic Screen
Activity Type 1000 machine hours
Controlling Area 2006 satya infotech services
Valid From 01.01.2006 to 31.12.9999
Basic data Indicators Output History
Names
Name machine hours
Description machine hours
Basic data
Activity Unit H Hour
CCtr categories *
Allocation default values
ATyp category 1 Manual entry, manual allocation
Allocation cost elem 500000 sec.cost.ele:IAA
Price indicator 1 Plan price, automatically based on activity
Actual qty set Average price
KL02 dev INS

Figure 209

Give the name of the activity type: machine hours

Give activity unit: h hours

specify the cost center categories:* (means that the activity type can be used by any cost centre, other wise we can specify the cctr categories for which it restricted by specifying cctr categories.

Activity type category: 1: manual entry and manual allocation

Give the allocation cost element: 500000 (secondary cost element category 43) And save the data.

Define activity type groups: path is same: TC: KLH1

Plan the cost centre with activity type: path: accounting-controlling- cost center accounting-planning-activity output/prices: KP26 change

Give the details and execute button

Give the plan activity: 600 h and capacity of

activity: 700 h Give the fixed price: 35 and

variable price: 165

And save the data. System posts the data. Verify the

report: s_alr_87013611 The cost centre: 1200 planned

costs are: 120000

Activity 600*200 (fixed cost35 + 165

variable cost) And showing the planned

activity as 600 H

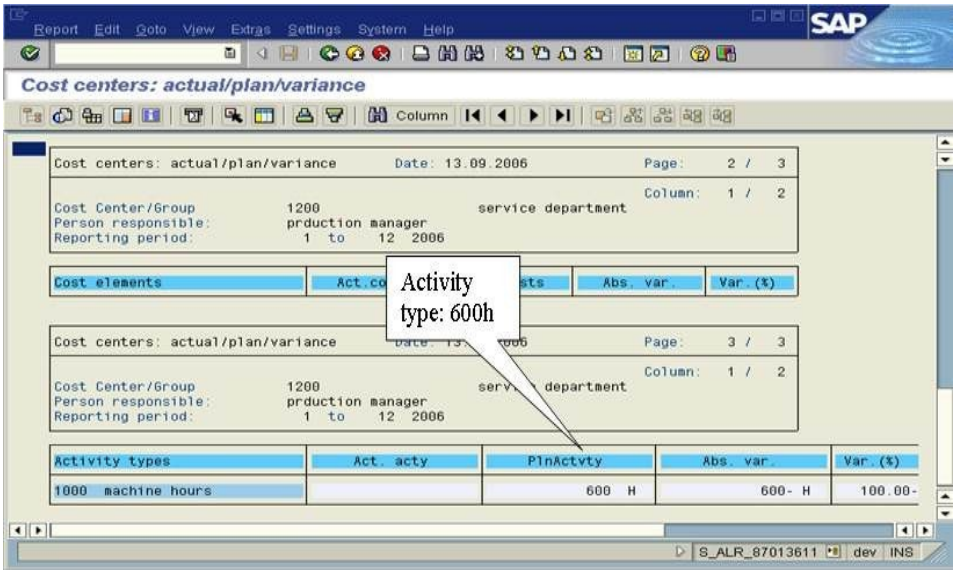

Report Edit Goto View Extras Settings System Help
SAP
Cost centers: actual/plan/variance
Column
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 2 / 3
Column: 1 / 2
Cost Center/Group 1200 service department
Person responsible: prduction manager
Reporting period: 1 to 12 2006
Cost elements Act.co sts Abs. var. Var.(%)
Activity type: 600h
Cost centers: actual/plan/variance Page: 3 / 3
Column: 1 / 2
Cost Center/Group 1200 department
Person responsible: prduction manager
Reporting period: 1 to 12 2006
Activity types Act. acty PlnActvty Abs. var. Var.(%)
1000 machine hours 600 H 600- H 100.00-
S_ALR_87013611 dev INS

Figure 210

310

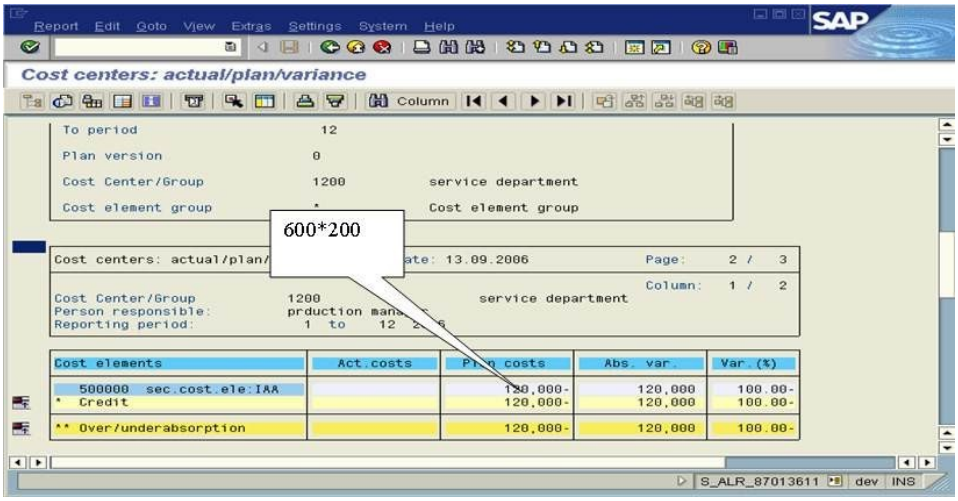

Report Edit Goto View Extras Settings System Help
SAP
Cost centers: actual/plan/variance
Column
To period 12
Plan version 0
Cost Center/Group 1200 service department
Cost element group * Cost element group
600*200
Cost centers: actual/plan/ ate: 13.09.2006 Page: 2 / 3
Column: 1 / 2
Cost Center/Group 1200 service department
Person responsible: prduction mana
Reporting period: 1 to 12
Cost elements | Act.costs | Plan costs | Abs. var. | Var.(%)
500000 sec.cost.ele:IAA 120,000- 120,000 100.00-
* Credit 120,000- 120,000 100.00-
** Over/underabsorption 120,000- 120,000 100.00-
S_ALR_87013611 dev INS

Figure 211

Planning price was set manually.in KP 26change

Set the actual activity price manually: accounting-controlling-cost center accounting-actual postings-actual price-kbk6

enter

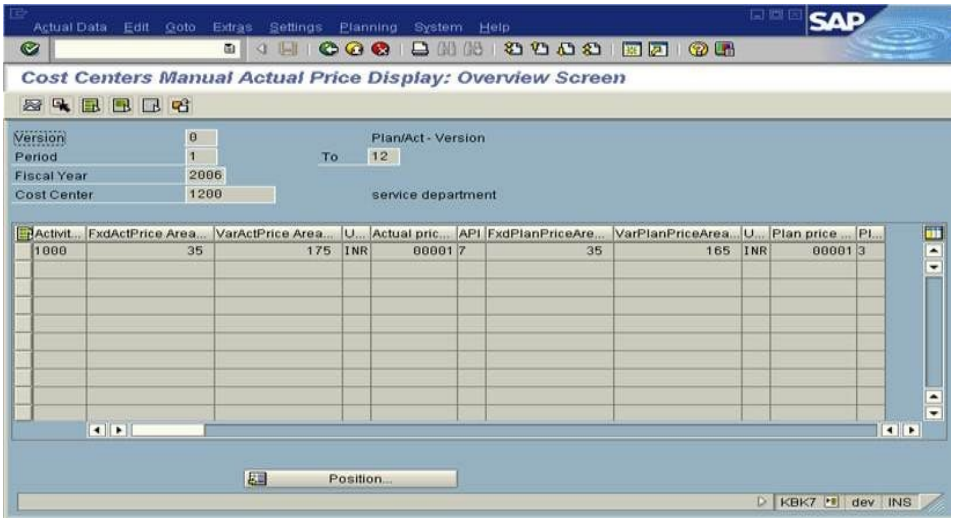

Actual Data Edit Goto Extras Settings Planning System Help
SAP
Cost Centers Manual Actual Price Display: Overview Screen
Version 0 Plan/Act - Version
Period 1 To 12
Fiscal Year 2006
Cost Center 1200 service department
Activit... | FxdActPrice Area... | VarActPrice Area... | U... | Actual pric... | API | FxdPlanPriceAre... | VarPlanPriceArea... | U... | Plan price ... | Pl...
1000 35 175 INR 00001 7 35 165 INR 00001 3
Position...
KBK7 dev INS

Figure 212

The actual price of the activity fixed price: 35 and variable price: 175 and save the data.

Enter Direct Activity allocation (with the help of secondary cost element):path: accounting-controlling-cost center accounting-actual postings-activity allocation-KB21N enter

Give the sender cost center: 1200

Give the sender activity type: 1000 machine hours

Give the receiver cost center 1000: production

cost center: A And the second receiver cc

1100 production cost

center:B

Give the received activity quantity in respect of the two cost centers and

<press enter> and save the data. go and verify the report in s_alr_87013611.

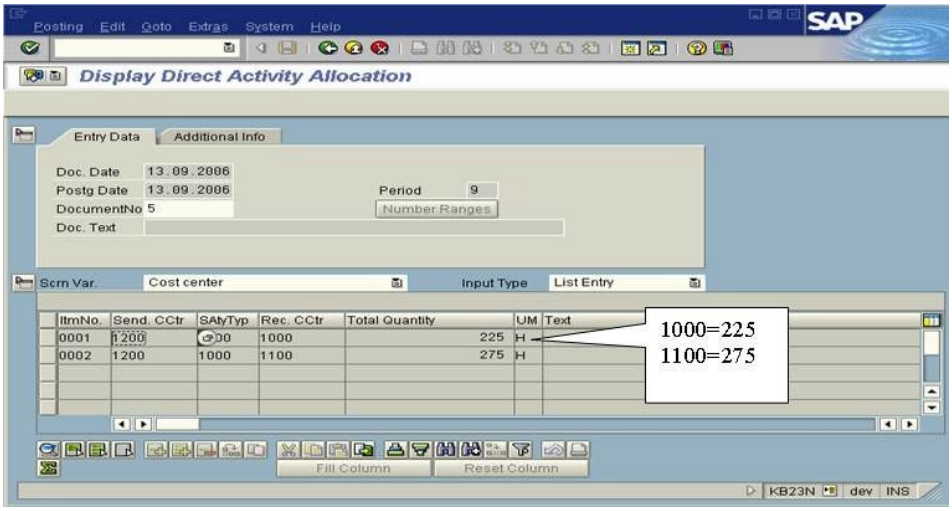


Figure 213

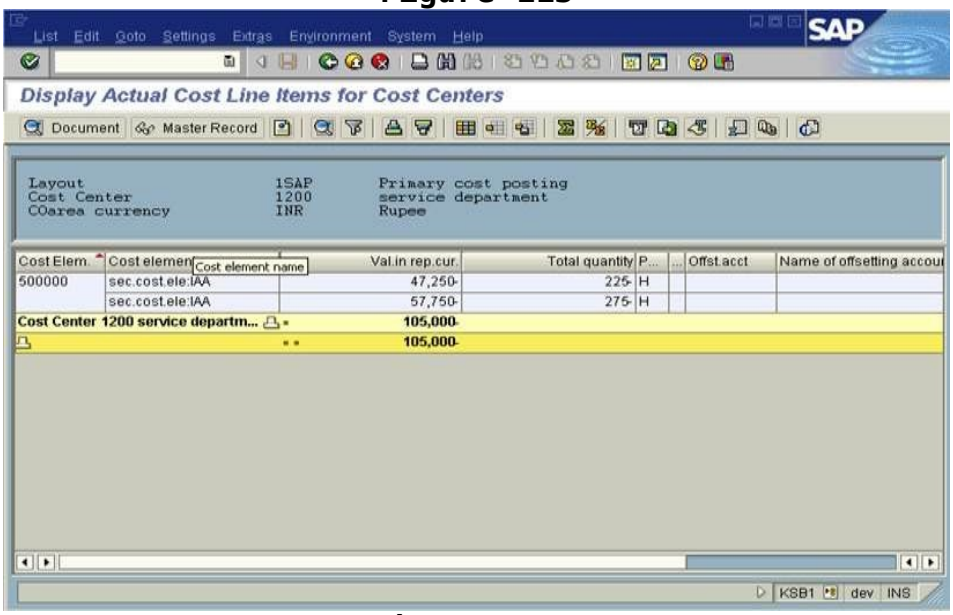

List Edit Goto Settings Extras Environment System Help
SAP
Display Actual Cost Line Items for Cost Centers
Document
Master Record
Layout 1SAP Primary cost posting
Cost Center 1200 service department
COarea currency INR Rupee
Cost Elem. Cost elemen Cost element name Val.in rep.cur. Total quantity P... Offst.acct Name of offsetting accou
500000 sec.cost.ele:IAA 47,250- 225- H
sec.cost.ele:IAA 57,750- 275- H
Cost Center 1200 service departm... 105,000-
105,000-
KSB1 dev INS

Figure 214a

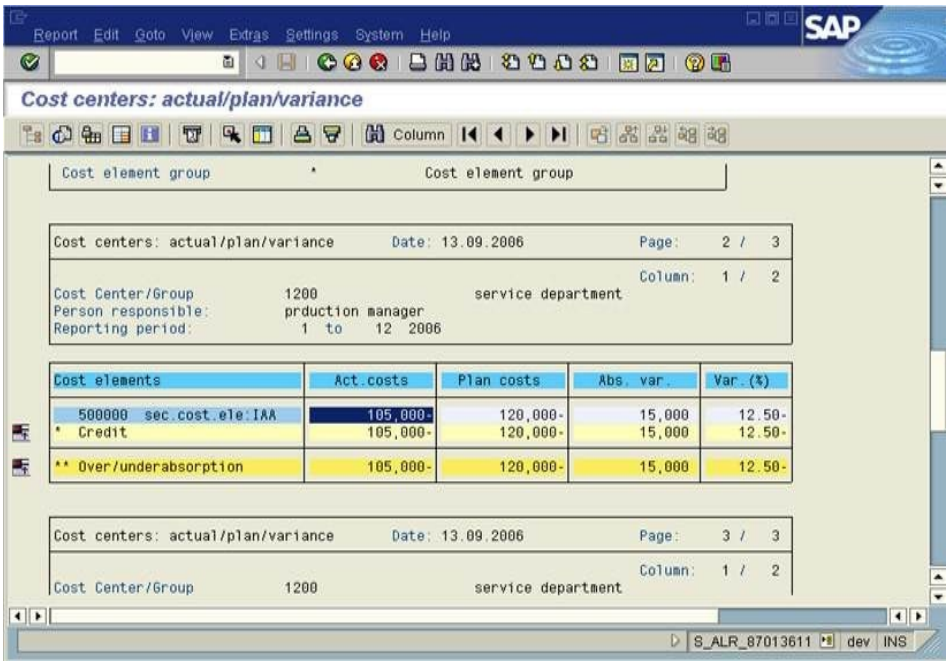

Report Edit Goto View Extras Settings System Help
SAP
Cost centers: actual/plan/variance
Column
Cost element group * Cost element group
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 2 / 3
Column: 1 / 2
Cost Center/Group 1200 service department
Person responsible: prduction manager
Reporting period: 1 to 12 2006
Cost elements | Act.costs | Plan costs | Abs. var. | Var.(%)
500000 sec.cost.ele:IAA | 105,000- | 120,000- | 15,000 | 12.50-
* Credit | 105,000- | 120,000- | 15,000 | 12.50-
** Over/underabsorption | 105,000- | 120,000- | 15,000 | 12.50-
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 3 / 3
Column: 1 / 2
Cost Center/Group 1200 service department
S_ALR_87013611 dev INS

Figure 214b

The sender cost center is credited with the activity allocated to receive at the rate of actual price set in KBK6.

Receiver cost center: 1000=225 hours*210(fixed price=35+ variable prices=175) =47250 debited to cost centre1000with the amount and credited to service department.1200 (for the services rendered to 1000cost center)

Receiver cost center: 1100=275*210(fixed cost=35+variable cost=175)
=57750. Debited to cost center1100 and credited to service cost center1200 (for the service cost rendered to 1100)

Cost centre/activity planning in kp 26 (activity type 3 indirect entry and manual allocation)

1. create the another activity type in KL01

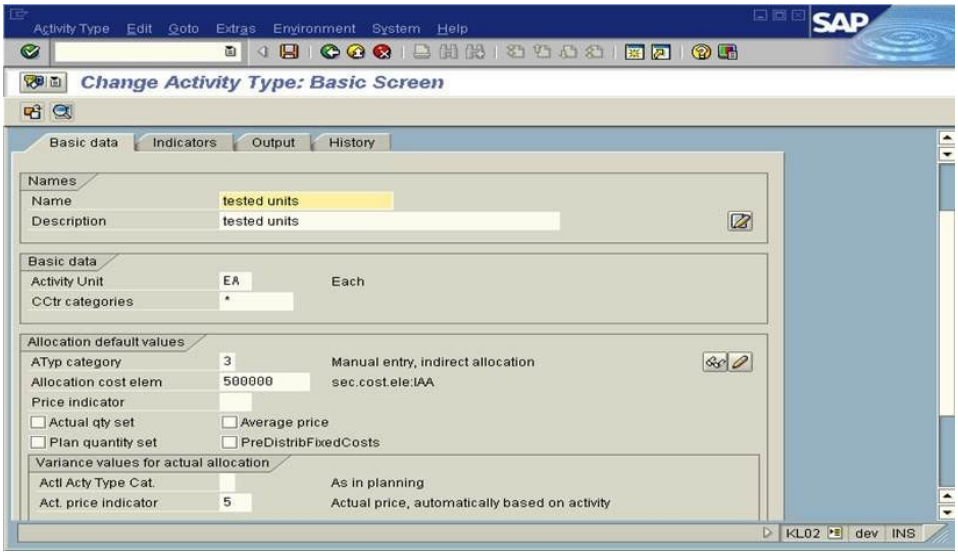

Activity Type Edit Goto Extras Environment System Help
SAP
Change Activity Type: Basic Screen
Basic data Indicators Output History
Names
Name tested units
Description tested units
Basic data
Activity Unit EA Each
CCtr categories *
Allocation default values
ATyp category 3 Manual entry, indirect allocation
Allocation cost elem 500000 sec.cost.ele:IAA
Price indicator
Actual qty set Average price
Plan quantity set PreDistribFixedCosts
Variance values for actual allocation
Actl Acty Type Cat. As in planning
Act. price indicator 5 Actual price, automatically based on activity
KL02 dev INS

Figure 215

manual planning in kp26 manual plan activity : manual price

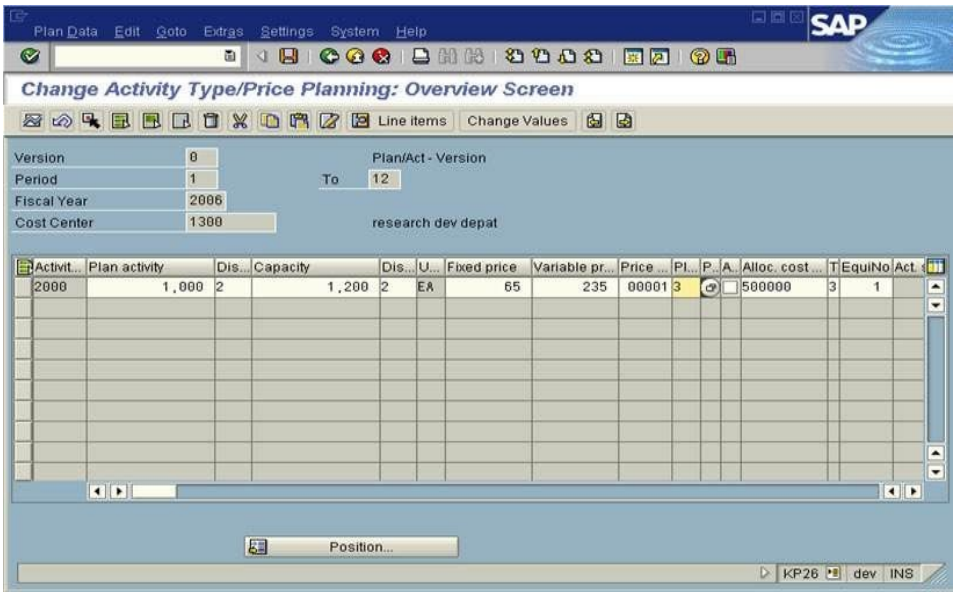

Plan Data Edit Goto Extras Settings System Help
SAP
Change Activity Type/Price Planning: Overview Screen
Line items Change Values
Version 0 Plan/Act - Version
Period 1 To 12
Fiscal Year 2006
Cost Center 1300 research dev depat
Activit... Plan activity Dis... Capacity Dis... U... Fixed price Variable pr... Price ... Pl... P... A... Alloc. cost ... T EquiNo Act.
2000 1,000 2 1,200 2 EA 65 235 00001 3 500000 3 1
Position...
KP26 dev INS

Figure 216

after giving the details post the entry “save” and verify the report S_ALR_87013611

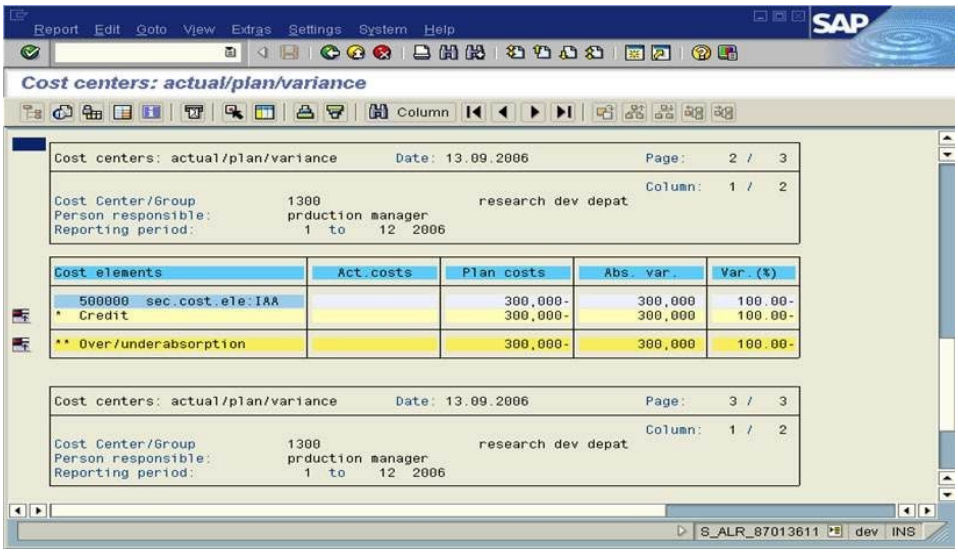

Report Edit Goto View Extras Settings System Help
SAP
Cost centers: actual/plan/variance
Column
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 2 / 3
Column: 1 / 2
Cost Center/Group 1300 research dev depat
Person responsible: prduction manager
Reporting period: 1 to 12 2006
Cost elements Act.costs Plan costs Abs. var. Var.(%)
500000 sec.cost.ele:IAA 300,000- 300,000 100.00-
* Credit 300,000- 300,000 100.00-
** Over/underabsorption 300,000- 300,000 100.00-
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 3 / 3
Column: 1 / 2
Cost Center/Group 1300 research dev depat
Person responsible: prduction manager
Reporting period: 1 to 12 2006
S_ALR_87013611 dev INS

Figure 217a

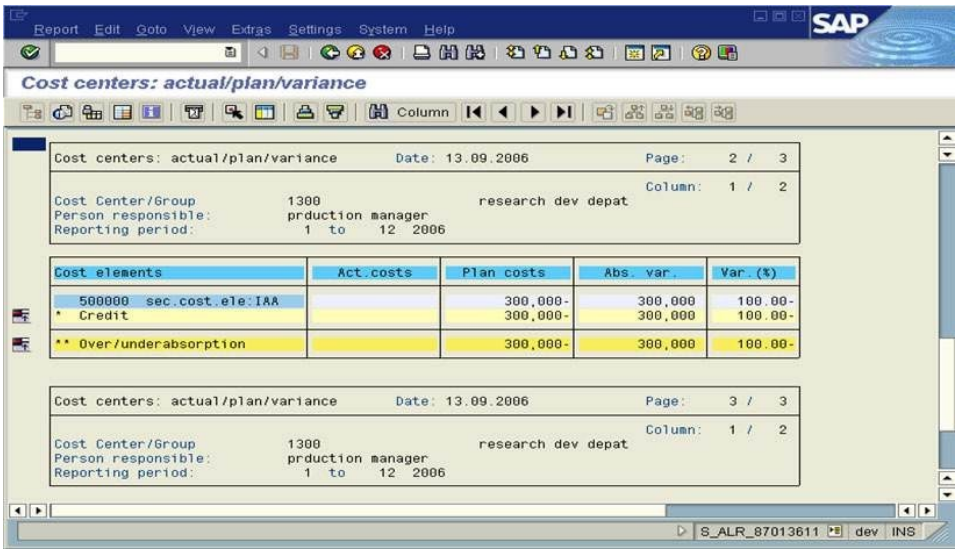

Report Edit Goto View Extras Settings System Help
SAP
Cost centers: actual/plan/variance
Column
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 2 / 3
Column: 1 / 2
Cost Center/Group 1300 research dev depat
Person responsible: prduction manager
Reporting period: 1 to 12 2006
Cost elements Act.costs Plan costs Abs. var. Var.(%)
500000 sec.cost.ele:IAA 300,000- 300,000 100.00-
* Credit 300,000- 300,000 100.00-
** Over/underabsorption 300,000- 300,000 100.00-
Cost centers: actual/plan/variance Date: 13.09.2006 Page: 3 / 3
Column: 1 / 2
Cost Center/Group 1300 research dev depat
Person responsible: prduction manager
Reporting period: 1 to 12 2006
S_ALR_87013611 dev INS

Figure 217b

plan activity 1000 h @ Rs.300/- fixed cost:65 and variable cost:235 accordingly the plan cost are determined to testing cost centre:1300.

Allocation from1300 to other cost centers: 1000 and 1100 indirectly (indirect activity allocation method)

Path: accounting-controlling-cost center accounting-actual postings- sender activities: KB51N

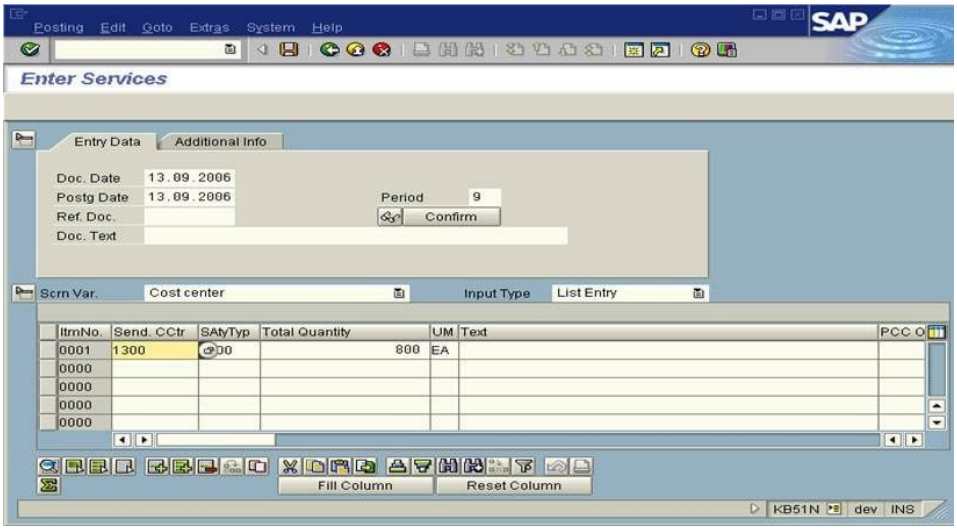


Figure 218a

Post the data and verify the report:
87013611. Set the actual price:
kbk6: as under

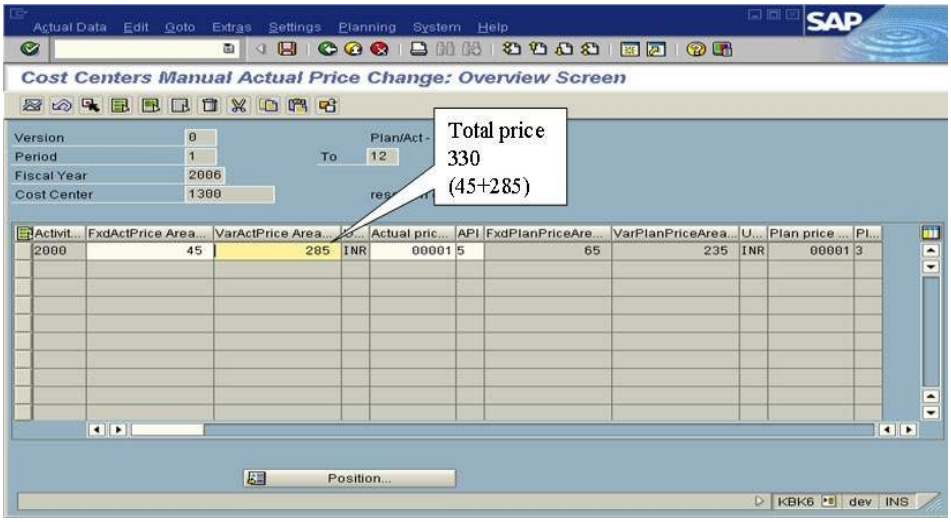

Actual Data Edit Goto Extras Settings Planning System Help
SAP
Cost Centers Manual Actual Price Change: Overview Screen
Version 0
Period 1
To 12
Fiscal Year 2006
Cost Center 1300
Plan/Act-
Total price
330
(45+285)
Activit... FxdActPrice Area... VarActPrice Area... Actual pric... APl FxdPlanPriceAre... VarPlanPriceArea... Plan price ... Pl...
2000 45 285 INR 00001 5 65 235 INR 00001 3
Position...
KBK6 dev INS

Figure 218b

Indirect activity allocation: The indirect method of allocation is used to allocate the activities of sender cost center which can not be measured or entered easily. In such cases indirect activity allocation is used distribute the activity from sender cost center to receiver cost centers.

Manual reposting of costs: accounting-financial accounting-cost center accounting-actual postings-manual reposting: TC: KB11N enter

316

This functionality is used to rectify the mistakes made while processing the transactions to cost centers.

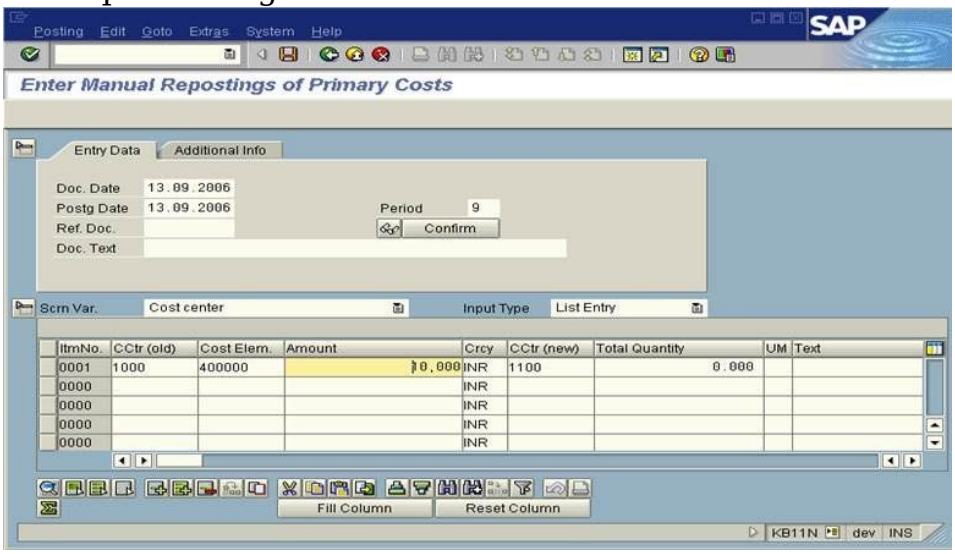


Figure 219

Give the details mentioned above and post the data and verify that reports We can reverse the reposted cost inTC: KB14N reverse. The system reverse the posting made earlier

Reposting of line items: path is same: KB61N enter

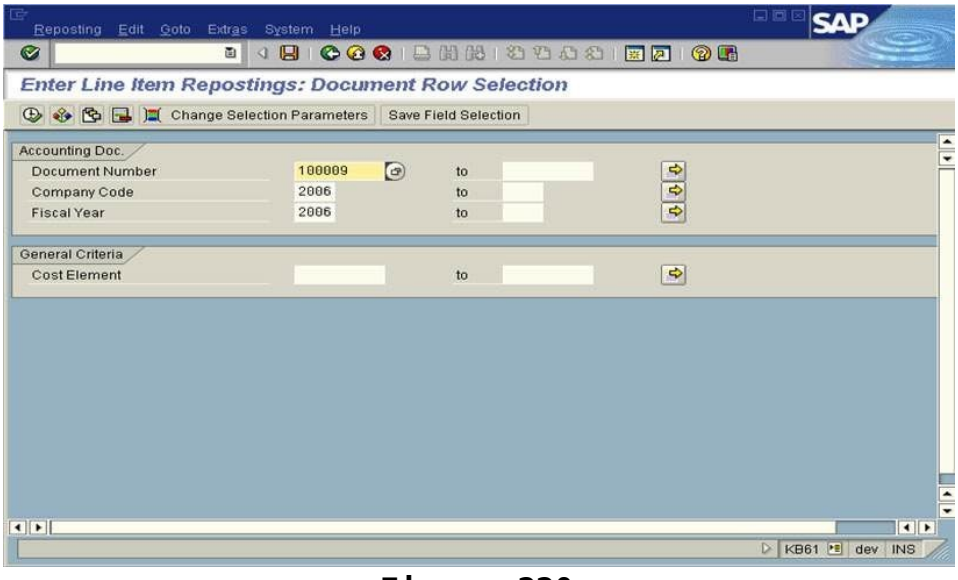


Figure 220

Reposting of line items is to be made with reference to the original accounting document number and execute. Click on change account assignment option. Change the assignment and save. And verify the report

Reversal of Reposted line items: same path:
Give the cost element: 404000 and execute.
Select the line item to be reversed and click reversal indicator and save the system then reverse the entry.

Statistical Key Figure

This is the last master record of cost center accounting. It is a small master record. These statistical key figures are useful for allocation of costs among the cost centres. They are useful as tracing factors only. We cannot allocate or distribute the statistical key figures. In the creation of this master record we can create skf groups and skf categories. There are only two categories in skf master record. The first one fixed values and total values. Fixed values category will useful to measure the fixed and semi fixed units and the total figure is applicable for variables.

Creation of Statistical Key Figures: accounting-controlling-cost center accounting-master records- statistical key figures- individual processing-KK01 create

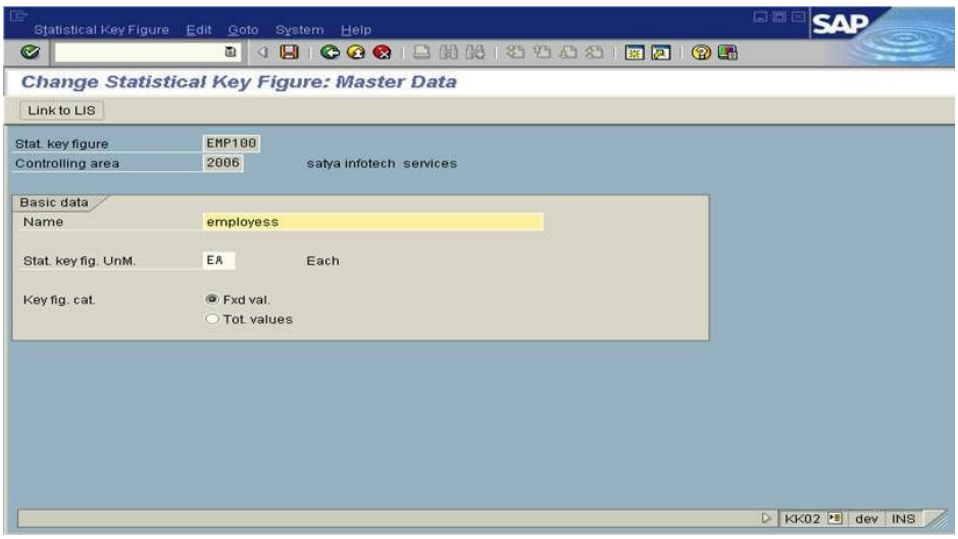


Figure 221

Give the code for skf:emp100<press enter> Give the description:

employees
Give unit of measurement: ea
Select the Key figure category: fixed value and save the data.

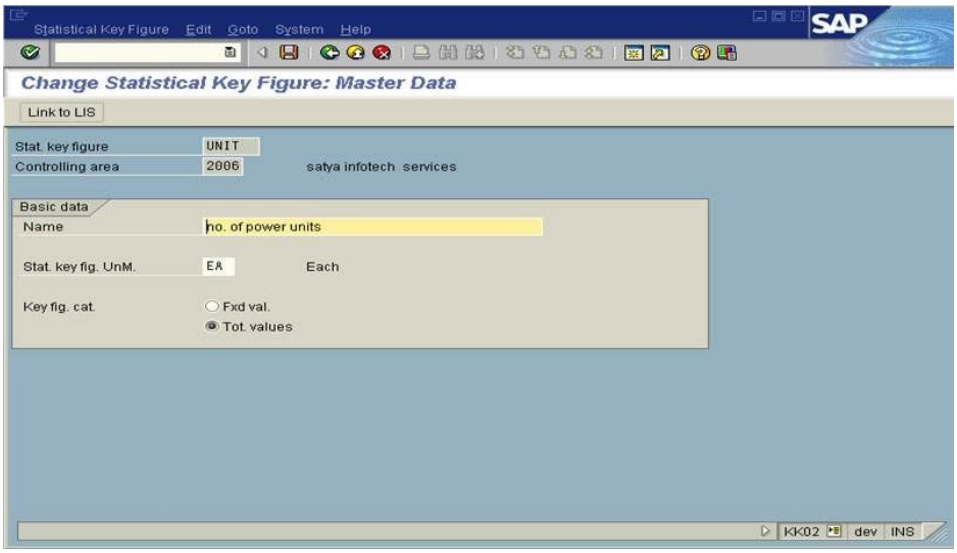

Statistical Key Figure Edit Goto System Help
SAP
Change Statistical Key Figure: Master Data
Link to LIS
Stat. key figure UNIT
Controlling area 2006 satya infotech services
Basic data
Name no. of power units
Stat. key fig. UnM. EA Each
Key fig. cat. Fxd val.
Tot. values
KK02 dev INS

Figure 222

Give another key figure: unit
Give the name of key figure:
units Unit of measurement:
ea
Key fig category: total values. And save the data

Plan the statistical key figures: path: accounting-controlling-cost center accounting-planning-statistical key figure-KP46 Change
Give the period details
Give standard hierarchy and sky key figure: EMP
And give the employee details as cost centre wise and save the data Go and verify the
report.s_alr_87013645 (more reports)

Post the actual statistical key figure: accounting-controlling-cost center accounting-actual postings-statistical key figure KB311 change
Give the receiver cost centre: all cost centers
one by one Give the statistical key figure:
emp100
Give the no. of actual employees in each cost centre and post the data and verify the data.

User settings: in cost center accounting: upto information>RPC0: user settings;
In this configuration we can make the settings as per the user level. We can restrict the users to particular cost

centres, can allow particular cost elements; activity type, skf wise within a controlling area and save the data.

PERIOD END CLOSING IN COST CENTRE ACCOUNTING

This is one of the regular activities in cost center accounting. It can be done either any period end. In this activity we distribute allocate the costs from one cost center to other cost centers. This can be done either manually or through the schedule manager. For this purpose Sap has defined different methods. Those are

1. Periodic reposting method:
2. Distribution method
3. Assessment method
4. Indirect activity allocation method

We can distribute the costs by using any one method as per the requirement of the project. However, these methods have subtle differences in the process of allocation of costs and activity. If you want to allocate the costs through the above methods, we have to define Cycle. The Cycle consists segment i.e., all the details of the sender and receiver cost centers and their allotment process also. We can define many segments in one cycle. We can execute all segments as per the periodicity or else we can stop any one of the segment being processed in a particular month. We are defining the above methods for allocation of different costs.

Periodic Reposting method: accounting-controlling-cost center accounting-period end closing-current settings_alr_87005395 define periodic reposting. (Tc KSW1)
Double click on define periodic
reposting Give the cycle name:
pr2006
Start date: 010106<enter>
Give the text: periodic reposting of costs.

Indicators: select iterative ☐ box: means the system allocate the total amount in the sender cost center with the subsequent execution of cycle. Cumulate option ☐ : it will allocate the expenses in each run, the present allocation amount will be decided the allocations have already made (present allocation amount-previous up to allocation amount). It can be used when there is no change in the sender and receiver values during the year.

Field groups selection:
if you select the consumption box it will allocate the

quantities from one cost center to other cost centers.
If you activate the object currency the sender values will be posted in object currency to the receivers. Other wise postings in controlling area currency will be done.

If you activate the transaction currency the updation or allocation will be done in transaction currency only.

Click on attach segment button to create segment: in segment header give the details as under:

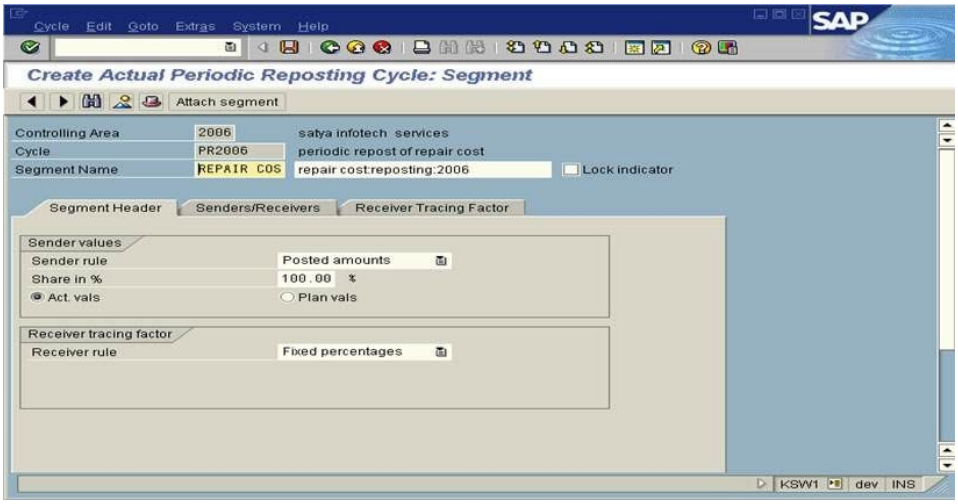


Figure 223a

In receiver rule we can set different options. Click on sender /receiver button

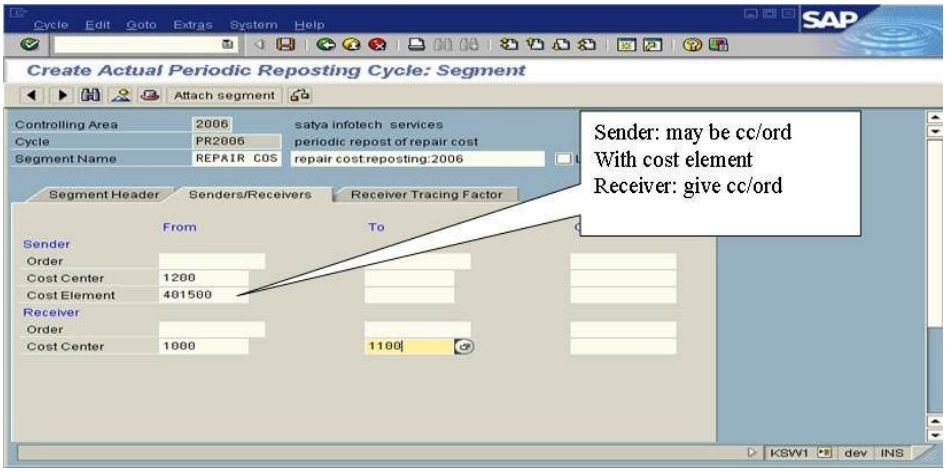


Figure 223b

Click on receiver tracing factor: give allocation ratio (as per the selection made in header data)

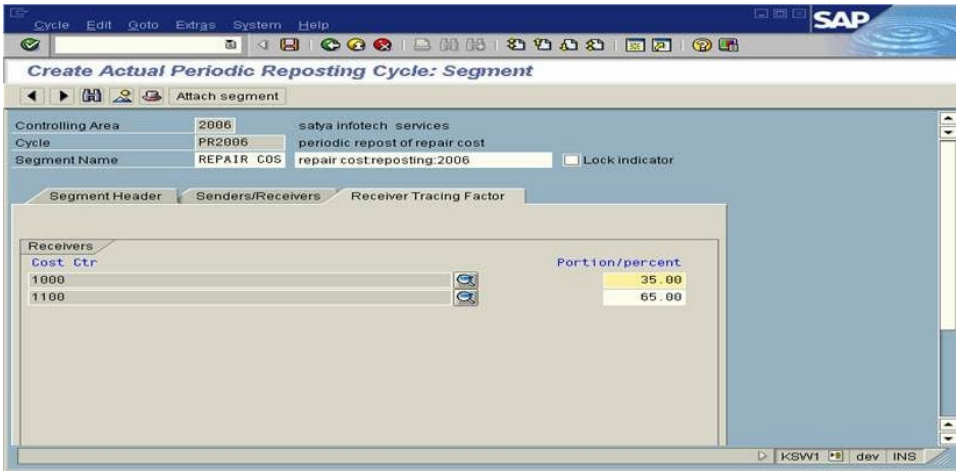


Figure 224

Save the data. We can create any number of segments by selecting attach segment. If you want lock any segment select lock indicator.

We can make the changes to cycle or segments by selecting the changes or delete also can be done.

Execution of Periodic reposting method:
path up to period end closing same>single functions>KSW5 periodic reposting.

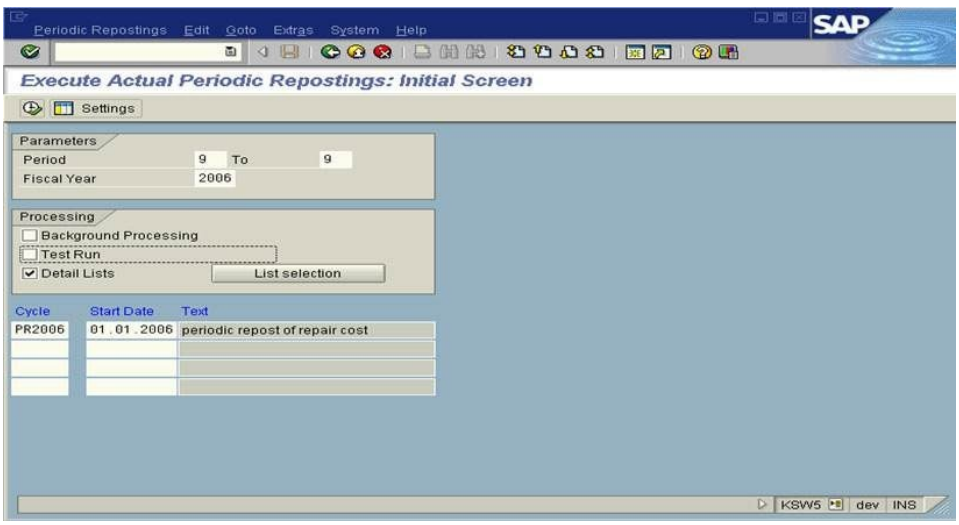


Figure 225

Give the period for which you want to take up allocation. Delete the test run, give the cycle code and execute the cycle.

The system will give the report as under in the figure:

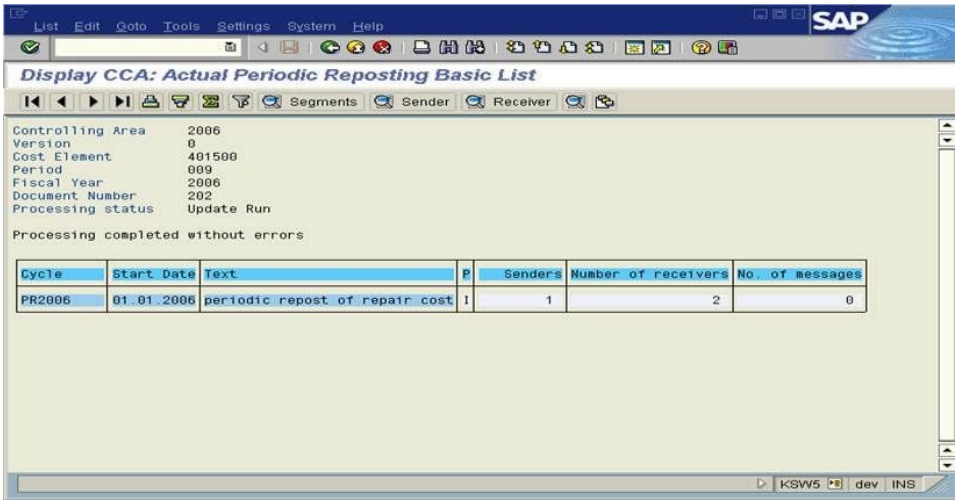

List Edit Goto Tools Settings System Help
SAP
Display CCA: Actual Periodic Reposting Basic List
Segments Sender Receiver
Controlling Area 2006
Version 0
Cost Element 401500
Period 009
Fiscal Year 2006
Document Number 202
Processing status Update Run
Processing completed without errors
Cycle Start Date Text P Senders Number of receivers No. of messages
PR2006 01.01.2006 periodic repost of repair cost 1 1 2 0
KSW5 dev INS

Figure 226

Double click on the sender column to know the details and receiver details. Verify the report:

Points to remember:

1. **Sender cost center credited with the amounts (as per the tracing factor ratio) with the help of primary cost element reference. (We can know by drill down reporting)**
2. **Receiver cost centers will be debited with the respective amounts with reference to primary cost element i.e inthis case plant repairs ac: 401500**
3. **In this method ,the reference document is always is an accounting document only, unless and until you know the business transaction we can not identify the transaction, whether it was posted as accounting document, or allocation document in controlling only.**

Define distribution method: path is same as above: s_alr_87005757: TC: KSV2

Define the method for distribution of telephone expenses to other cost center (same as in the previous method)

Execution distribution method :(same as above method) TC: KSV5)

Note: system does not ensure whether the balance is available in sender cost center. Allocation will be done to

Define assessment method: path is same: s_alr_87005742 TC: KSU1: The assessment method is allocating the expenses without giving the importance to the primary cost element. In this method the allocation will be done through Secondary cost element. This is the only difference between the distribution method, periodic reposting method and assessment method. If you want to use this method we have to define one secondary cost element with category with: 42.

You define the required parameters: in receiver rule select variable type and skf as tracing factor and save the cycle segment. We have to give assessment cost element which was created or give allocation structure

Execution of assessment method: KSU5:
In this method in both sender and receiver cost centers will allocated with the help of secondary cost element.

Define indirect activity allocation method: path is same as above: s_alr_87005792 TC: KSC1
The indirect method is useful to allocate the quantities from one cost center to another cost centre. We can not allocate the quantities with either distribution method or assessment. There are two to allocate the quantities

1. Direct activity allocation method: we use this method to allocate the quantities which can be identified at sender cost center and can make easy to allocate to the receivers manually. To take up this method the activity type should also be 1 only.
2. Indirect activity allocation: This method is primarily used to allocate the costs which can not be identified at sender cost center, and allocation will be done with the reference of receiver cost center. For this method there are two ways to define the activity type. One is manual entry and indirect allocation. In this type quantities and prices will be determined to the sender cost center manually, however, the allocation will be made indirectly to receiver cost centers. The second type is indirect entry and indirect allocation. This method is useful to allocate where the quantities are not all possible to enter and allocate easily. Hence has to be done indirectly only.

Give the cycle name and
start date Give the header
data details Posted

amount: share 100
Receiver rule: variable
VP types give the sender details and activity
Give receiver rules and tracing factor: skf and
save the cycle: Execute the cycle: KSC5

Cost Summarization:
This is the tool used to summarize the balances of all cost centers at cost center group level. It is useful for easy reporting system with in a short period of time. The total records of the cost center values will be updated for report format in the summarization concept.

Plan revaluations:
This is one of the dynamic concepts in the process of planning activity. Generally the plan valuations are too reviewed considering the delay in implementation of project or extension of the project or may have to consider the high inflationary pressures. Accordingly we have to tune our planning figures correctly. For that purposes SAP suggested plan revaluations. We can create plan revaluations as per the cost center and cost element wise also.

Path: controlling-cost center accounting-planning-revaluations-define revaluations. TC: KPU1
Double click on plan revaluations:
Give revaluation name:
2006 Fiscal year: 2006
And
version: 0
And press
enter

Give the text, give the cost center and cost element
Click on definition button give from period and to period
And the plan revaluation percentage and consumption revaluation percentage and save the data

Execute the plan revaluations: accounting-controlling-cost center accounting-planning-planning aids-KSPU costs.

Give the version, from period and to period and fiscal year deselect the test run button

Give the revaluation key and execute. System will give message with green signal go and verify the report and plan documents in Transaction code: KSB5 and s_alr_87013611. Revised plan figures will be appearing.

Miscellaneous configurations:
We can repost the plan data, we can create accrual calculations for planning data, and we can copy the plan

and actual data from other plans and post the plan data from external systems.
We can delete the plan data as cost element wise and total plan data also (kp90 and kp91)

ACCRUAL CALCULATIONS:

This concept is used to post the exact expenditure to the periods relating to your fiscal year. Some times the expenditure incurred might be spread over all the periods, which are not at all included in the present fiscal year. While making evaluations we have to consider the expenses or costs relating to this fiscal year for the cost center. Then only we can make exact evaluations. For this purpose we use accrual concept in controlling.

In the accrual concept two methods are available. One is Target=actual method and percentage method or some times we can use the Recurring entry method also. (FI)

Pre requisites:

Creation of cost elements with cost element category 3 for percentage method and 4 for target=actual method.

Maintain over head structures: overhead structure controls the activities of over head calculations.

Path: controlling-cost center accounting-actual postings-period end closing- accrual calculations-percentage method-maintain overhead structure TC: KSAZ

Click on create button

Give the over head structure code: 2006(maximum 6 characters) Give the description of the structure and save the data.

Give the details as appear in the screen and save the structure Click on change assignment button on application tool bar (F5) Select actual accrual And continue

Give from period and to period and over head structure and save the data

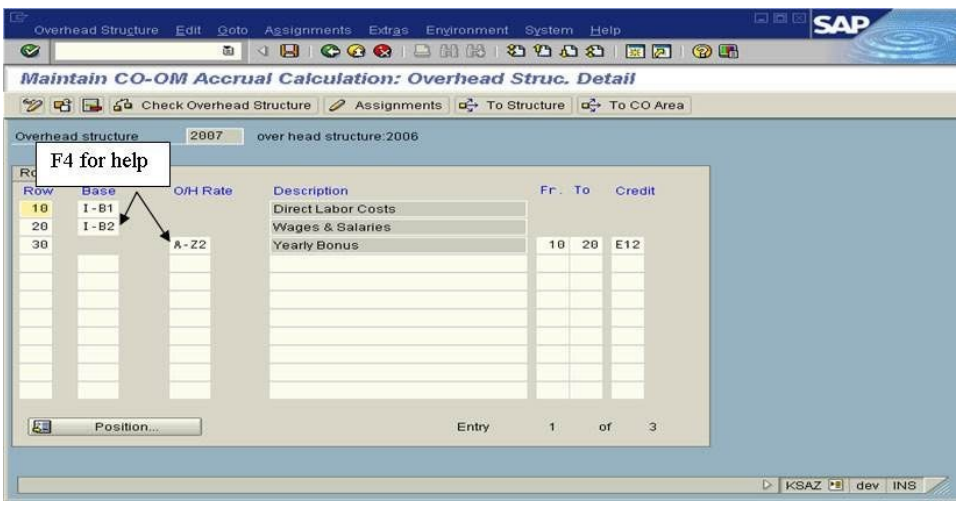


Figure 226

Give the row, base figure to calculate overhead give the over head rate from and to credit key and save

After assigning the accrual overhead structure double click on the structure; Again double click on the base amount column in the oh structure

Give the base cost elements or interval of cost elements (row 10) Again double click on another row give the cost element intervals Double click on the overhead rate column

And give the validity periods and percentages for calculation of over head rates for plan and actual data

Double click on credit key column

Give the business area and validity period upto: 2006

Give the cost element (with category3) and give the cost center and save the data

Execute the Accrual calculations:

Path: accounting-controlling-cost center accounting-period end closing- single functions-accrual calculations TC: KSA3

Give the cost center in which the actual cost to be considered or select all cost centers

Give the period and fiscal year

Deselect the test run and execute button

System shows that accrual run has executed in respect of the cost centers you have selected.

Go and verify the report:

s_alr_87013611 System passes the

entry in controlling as under

Debit the cost center with cost element (bonus):421000 as per the over head rate mentioned in structure (20%)

Credit the cost center with cost element bonus (421000) (category3) mentioned in the OH structure.

OVER HEAD CALCULATIONS IN COST CENTER ACCOUNTING:

Some type of costs can not be assigned to a particular

cost centers. These types of expenditure coined as overheads in controlling. Example warehousing expenses can not be assigned and determined to particular

cost center. At the year end or as a period end closing process we have to allocate such type of overheads to all cost centers at predetermined rates. To do this type of allocations we have to define the overhead structures.

Pre requisite: open overhead rate cost element as a secondary cost element with category 41.

Define costing sheet:
Costing sheet contains the rows and columns which determines the over head costs. It specify the basis of cost on which the particular over head is to be calculated. These types of costing sheet are used in controlling area components like product costing, order management, and also in cost center accounting. The costing sheets are defined at controlling area level. We can define any number of costing sheets for your project requirement. Costing sheet contains defaulted cost components, for selection and credit keys through which the over head rates are credited to a cost center

Define costing sheet: spro-rimg-controlling-cost center accounting- actual posting-period end closing-over head-define costing sheet TC: KZS2.

Select the new entries button

Give the costing sheet variant name: 2006 and description: costing sheet (welfare exp)

Save the data and select the costing sheet variant

Double click on costing sheet row button and select new

entries button; Give row 10 give the base amount

<pressF4>

Give row 20 give the overhead rate <press F4> give from and to column and credit column

Save it.

Select the first row click on base column give controlling area and cost element relating to materials. Save.

Select the row 20

Double click on overhead rate column

Select new entries button and give the over head rates applicable and save

Double click on credit column and give the cost element

to be credited with(secondary cost element with 41) and save the structure.

And execute the overhead rate structure in KS14 on easy access screen.

CHAPTER 10

Internal Orders

OVERHEAD MANAGEMENT-INTERNAL ORDERS

This is one the controlling component to deal with the overhead management. Internal orders deals with to know the cost of a specific job. This component used by many of the manufacturing industries. Even other industries also use this component to know the cost of a job or a task or a project. Especially, in make to order industries, this component is most useful. Internal orders plan and monitor the costs of a specific job. Internal orders are 4 types'
1.over head orders. 2. Profitability orders.3.investment orders 4. Production orders. However, internal order means overhead orders. It deals with management of overheads of a job or task.
This component enables the organization to capture the overheads in a systematic manner relating to a particular job. There by we can know the overall cost of the job and even profitability of the particular job. In SAP environment if you want to configure the following prerequisite steps have to be accomplished.

1. General controlling configurations must be completed in general controlling
2. Cost revenue element accounting also to be completed in full
3. Cost center accounting also completed in all aspects of master data creations.
4. Activate the order management in controlling area.

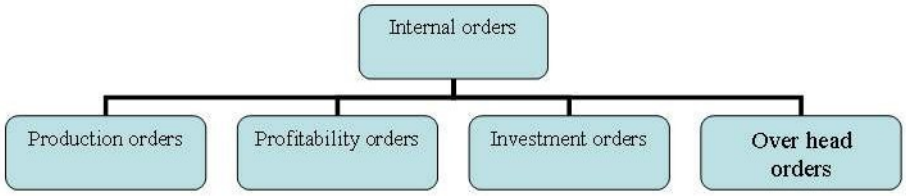


Figure 227

The first configuration activity in internal order management is definition of order master type data. However, to define the order master type we need to set up some pre configurations steps. Those are definition of planner profile, definition of budget profile, definition of

settlement profile, and status profile. We can use the defaulted profiles, or can create as per the requirement of the project.

Define planning profile:
Path: controlling-internal orders-planning-manual planning-maintain planner profile for overall planning: TC: OKOS

Double click on define planning profile for

overall planning Click on new entries:

Give the profile code: P2006

Description: planning profile

for: 2006

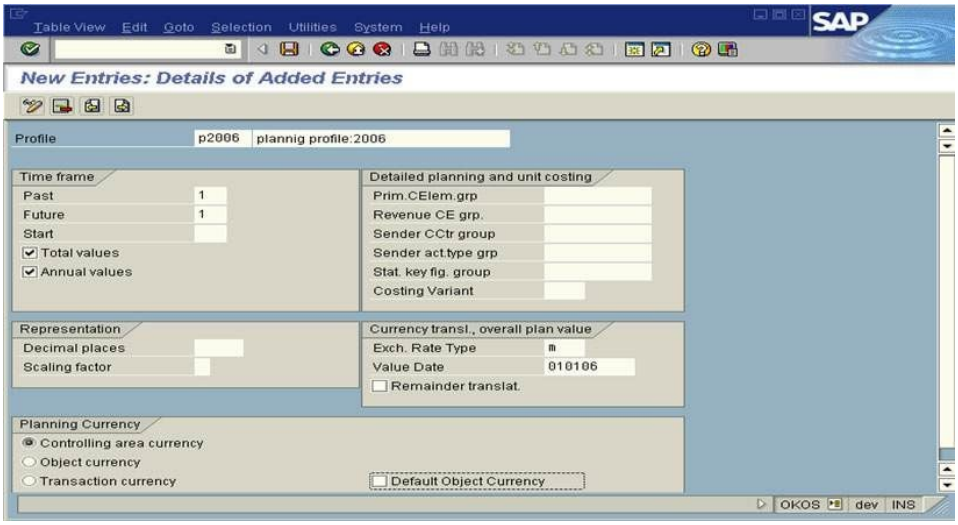


Figure 228

Time frame past: number of years planning is required for the past years we have to specify here

Time frame future: number of years planning is required for the future we have to specify here.

Start: this null value means the current year. Hence we need not mention any specific number.

Total values: if you select this check box system displays the total plan values.

Annual values: if you select this check box system displays the annual values along with the total values.

Detail planning under unit costing: the values mentioned here will be considered for planning.

Exchange rate used for planning of orders, and its value date.

If you select the remainder translation check box system converts the remainder balance of total values into the currency for the planning.

We can set any currency as the planning currency. If you select the default object currency, planning figures will be displayed in object currency otherwise in controlling area currency.

Save the planning profile.

Maintain budget profile:
Path: controlling-internal orders-budget and availability check-define budget profile TC: OKOB

Double click on define budget

profile Select new entries

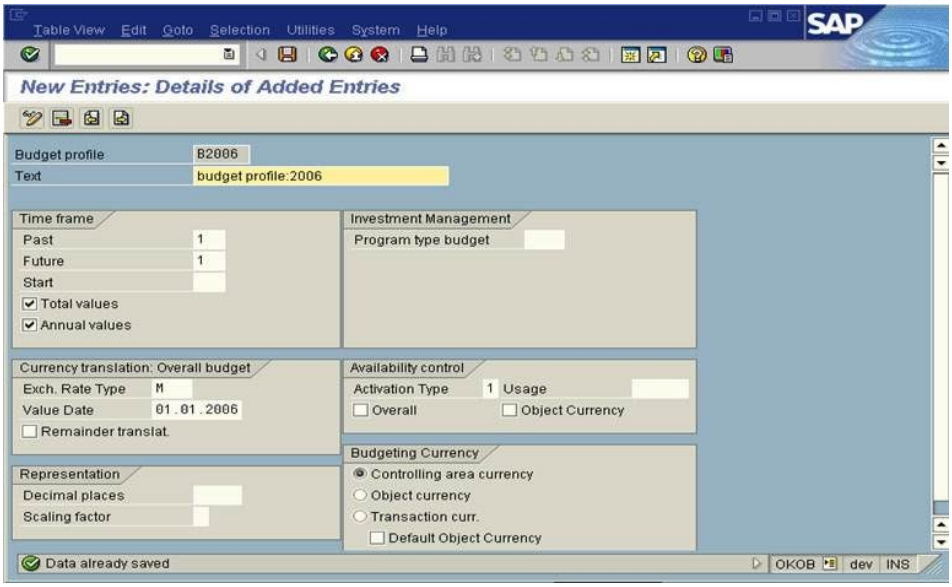


Figure 229

Fill the data as appearing in the screen the only additional column is activation type: 1 and save the profile.

(System gives warning message that tolerance limit were not set to the budget profile ignore it by<press enter>.

Define tolerance limit for availability control: this enable us to know the costs incurred to a particular job were over run or under run. We can control the costs

accordingly.

Path: is same as above: OKOC

Click on new entries button give the details as under:

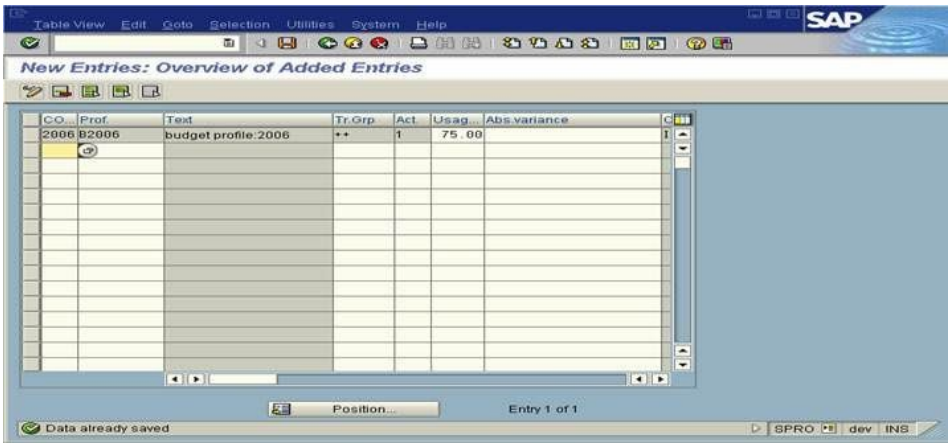


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
CO... Prof. Text Tr.Grp Act. Usag... Abs.variance C
2006 B2006 budget profile:2006 ++ 1 75.00 1
Position...
Entry 1 of 1
Data already saved
SPRO dev INS

Figure 230

Give controlling area: 2006 budget profile: B2006 Target group :+(all) activation as: 1 warning message

Usage: give % where you want the warning message and save the data.

Specify the exempt cost elements from availability control:

In this configuration if you want to exempt some cost from the tolerance limit set those cost elements here.

Maintain Budget Manager: path is same:

TC: ok14 Click on new entries button

Give the controlling area:

2006 Give order type and

obj class: ocost

Give the user name: the manger that is responsible for the budgets.

In practice the role of budget manager is so important. The system shows either warning or error message whenever the actual costs exceeds budget tolerance limits and sends a message to the budget manager automatically. Accordingly the budget manager is responsible for the budgets made for the order types.

Define settlement profiles: TC:OK07
Path: controlling-internal orders-actual postings-settlement-maintain settlement profiles:

Double click on maintain settlement profile:

Give the profile code:s2006 and description of the

settlement profile: and other details as under

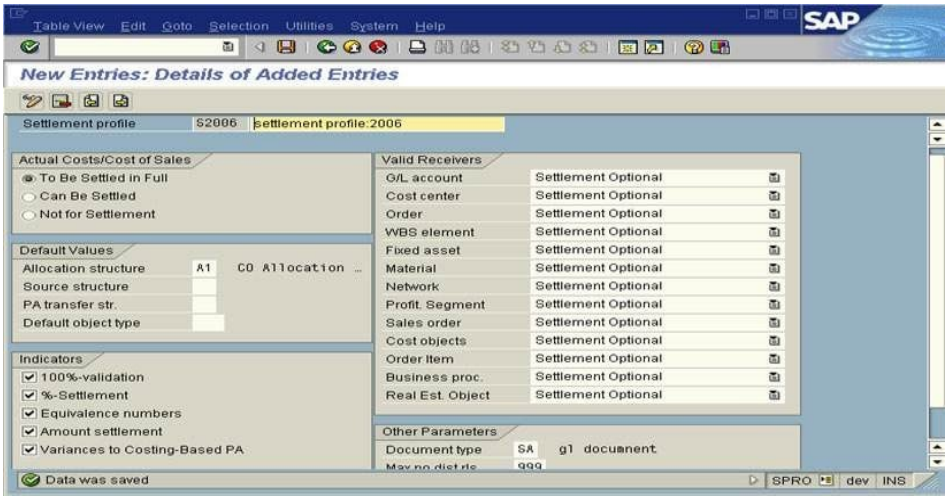


Figure 231

Actual costs settlement : to be settled in full
Give the default values: allocation structure:A1 under valid receiver column: set all receivers as optional
Ggive the document type SA Maximum distribution rule:999 residence time:12 months. And set indicators and save the data.
Maintain number ranges for settlement documents: path is same: TC: SNUM or KO8N
Click on groups' button
Select standard accounting document check box.
Select the company code (in not assigned column) by double click And press F5 for assignment and save the data

Order type master data:

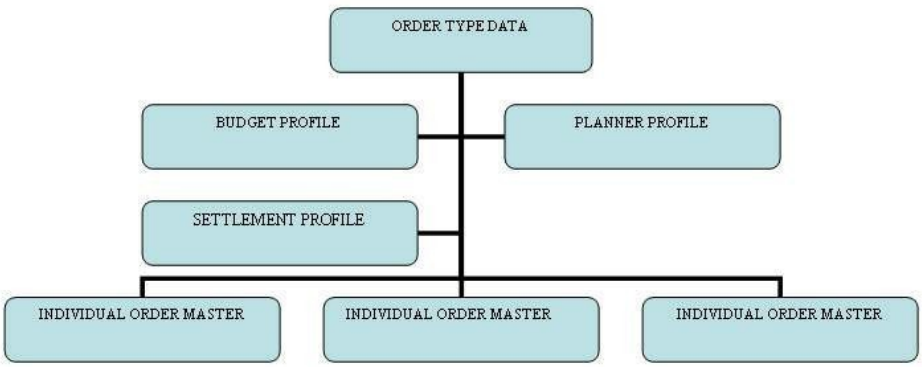


Figure 232

Path: controlling-internal orders-define order types TC: KOT2
In Easy access screen: accounting-controlling-internal orders-master data-current settings-s_alr_87005266.
Click on new entries button
Give order category 01 and continue

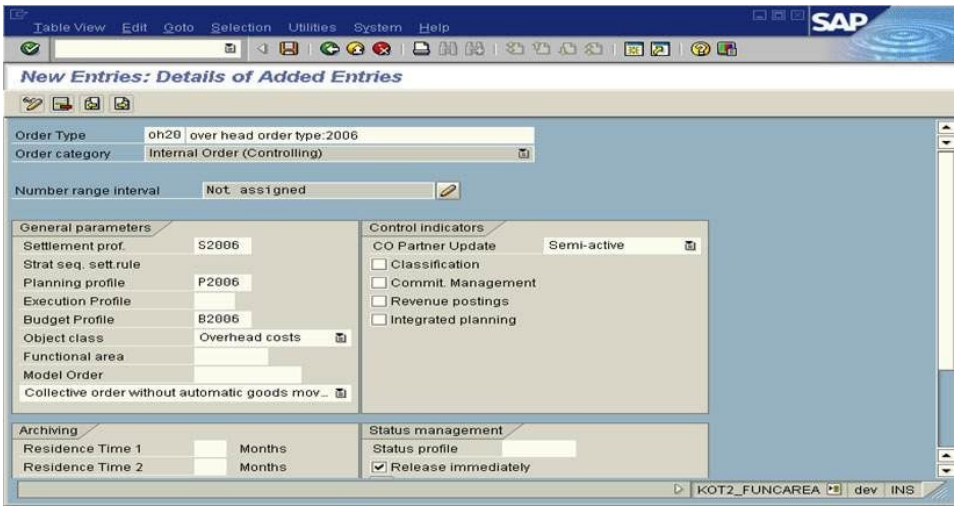


Figure 233

Give the order type: code: OH20 description of the order type: 2006

Give the settlement profile: s2006 planner profile: p2006 budget profile: b2006 object class: overhead costs.

Select the release immediately button and save the order type.(number range not set message appears, ignore and press continue button)

1. If you want allow the revenue postings to this order type select revenue postings check box.(individual order master data will default this settings while creating.

Maintain number ranges for order types: path is same: TC: KONK
Click on group's button
Go to menu item> group>insert
Give the group text: OH20: number ranges for order types: 2006 Give the number interval and continue
Save the number ranges

Define screen layout for order types: path is same: define order layouts.(use the default lay out

only)
Define order Group: accounting-controlling-internal orders-master data-order group-TC: KOH1 create:

Give the name of the highest group: and press enter and give the description. Keep the cursor on the description column and click on lower level button Give the group name and description; keep the cursor on the lower level group and click on same level
Give the group name and description and save the data. Like the way we can create the structure as per the project requirement. Change of order group: KOH2 and display: KOH3

Creation of Order Master Data:
Path: accounting-controlling-internal orders-master data-special functions-order-create KO01 order
Give order type:OH20<press enter> or click on master data button
Under assignment column give the organizational units assignments and click on control data ensure

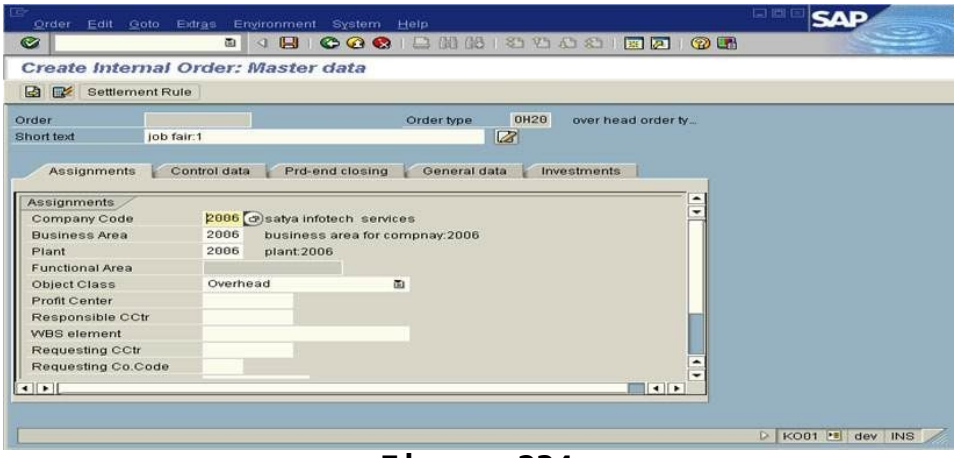


Figure 234

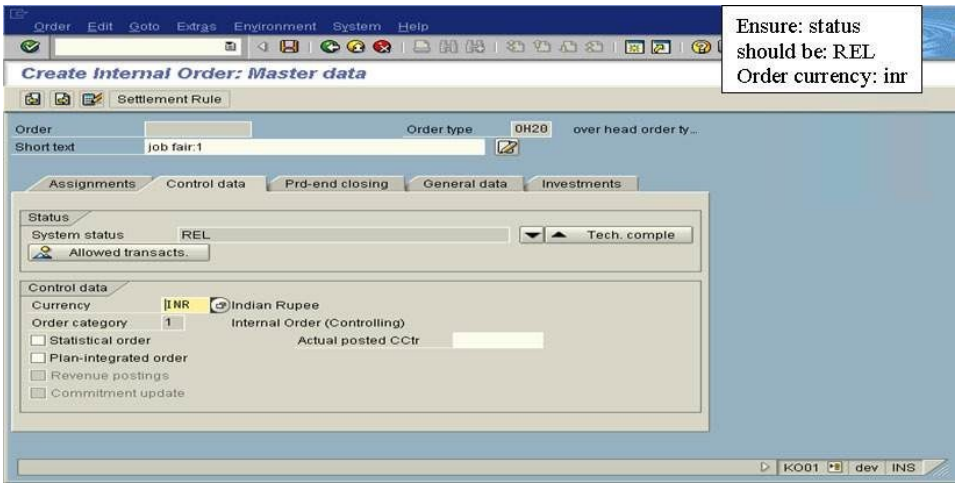


Figure 235

There are four statuses of an order

1. Created: in this status: system does not permit any postings.
2. Rel: release status: we can make all type of postings to the order
3. Technically completed: in this status except authorized person no user permitted to post
4. Closed: in this status the job or internal order was closed. No postings can possible by any one.

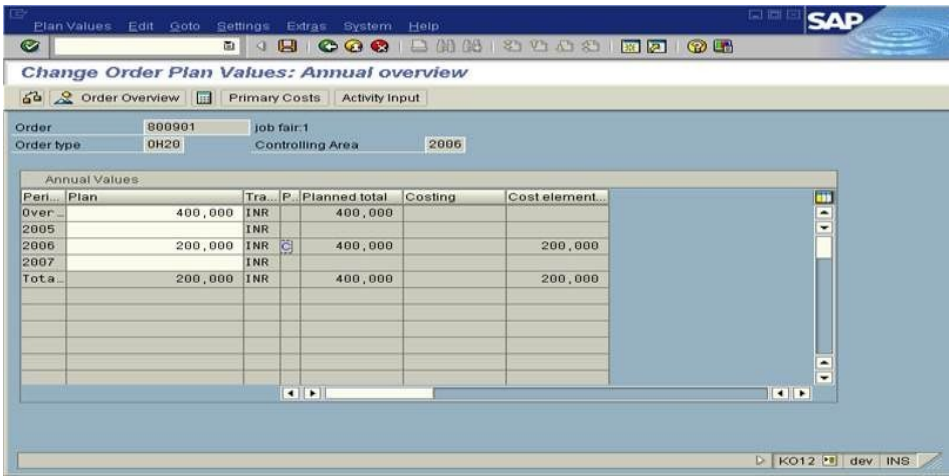
Save the order. System creates the order with order number: Create another order by using coping function:

We have opened 3 orders with numbers 800901,800902 and800903. Change of order: KO02 and display of an order: KO03.

We can create variant in collective processing and take up the activities of mass changes, mass execution mass deletion, lock or unlock; with the help of variant name:2006_ord is our variant name.

To activate the budget availability messages and commitment management for orders:
Path: controlling-internal orders-commitments and fund commitments- activate commitment management

Double click on Activate open items management for order types: Click on position button
Give the order type: OH20 and continue
Select the commitment management check box and save the data. Planning of internal orders: path: accounting-controlling-internal orders- planning-over all values-KO12change
Give the order or order



group: Give order type:
oh20

Figure 236a

Give over all plans as per the year and also the total in over all columns and press enter and save the data

Over all planning for 2006:200000 and cost element planning is :200000 put together showing as over all planning as 400000 and showing the other plan values with letter C in plan origin column.

Cost element or order wise planning: path: accounting-controlling-planning- cost activity inputs-KPF6 change

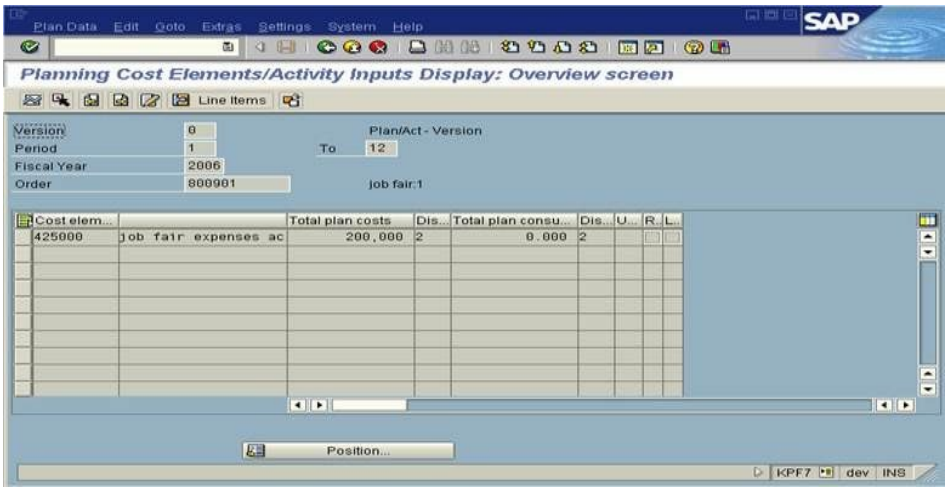

Plan Data Edit Goto Extras Settings System Help
SAP
Planning Cost Elements/Activity Inputs Display: Overview screen
Line Items
Version 0 Plan/Act - Version
Period 1 To 12
Fiscal Year 2006
Order 800901 job fair:1
Cost elem... Total plan costs Dis... Total plan consu... Dis... U... R... L...
425000 job fair expenses ac 200,000 2 0.000 2
Position...
KPF7 dev INS

Figure 236b

Give the details and order to plan and the cost element to plan and press enter
Give the total plan costs and save the data. And verify the report.
With the help of planning aides we can copy the plan figures from the previous figures and actual data also as present year planning data. We can repost the plan figures from one order to other orders.

Internal order reports:
Path: accounting-controlling-information system-reports for internal orders and do the rest of selections as per the requirement of the report.

Internal order Budgeting:
With in the over planning we can set budgets for each internal orders individually or collectively by group also.
Path: accounting-internal orders-budget-original budget-KO22 change
Give the internal order number or
group Click on original budget
button

Give the budget amount as per fiscal year wise. And save the data.

Make supplement Budget for internal orders: same path: TC: KO24 change
You can give the additional budget for the orders.

Return the budget amount: same path: TC: KO26 change

Activate and Deactivate the availability control (budgets) same path: TC: Ko30 for activation and KO32 deactivation of availability control of budgets.

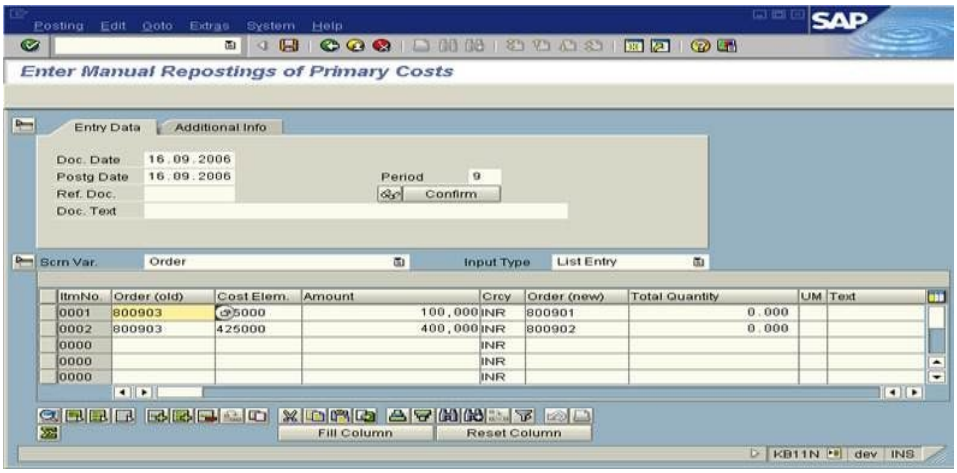
Ensure the field status of the field CO/PP order was set as optional.(OBC4 transaction code)

Post the actual expenditure to the particular order. (F-02)

Note: when the expenditure of 600000 is posting the system is giving error message that item001 order80903 budget exceeded. This is because the budget limit set for this order is 500000. Since it is warning message press enter to ignore and post the item.

Verify the report: s_alr_87012993.

Manual reposting of costs: accounting-controlling-internal orders- actual postings-manual reposting of costs; KB11N enter:
Change the screen variant:
order Give the order number
(old):800903 Give the cost



element: 425000

Figure 237

Give the amount to be reposted and give the new orders to be posted and save the data.

Note: In manual reposting system accepts any amount with in the posted amount irrespective of the line amount or not. While reversing the amount also we can reverse the same without any messages in transaction code: KB14N reverse.

Manual reposting of revenues also can be done in transaction code: KB41N enter

Note: once manual reposted document cannot be used for repost of line items. However, we can do vice versa.

Once manual reposted cost document can be done for manual reposting Manual reposting of document will be done always with reference to the original document in Finance. Manual reposting doesn't stop for repost of line items.

CALCULATION OF INTEREST ON THE CAPITAL TIED OVER INTERNAL ORDERS:

Generally while executing the special works or jobs, interest is to be calculated on the funds blocked in particular jobs. This type of environment happens incase of investment orders and in house creation of assets and execution of projects. Like the while taking up some of the overhead orders like execution of job fairs, and other orders, we have to be calculated the interest on the funds blocked for the period. To take this configuration we require the following accounts.

1. Interest account (as cost element category with1)
2. Interest clearing account (as clearing account)

The first configuration in the calculation of interest on internal orders is

Define value categories: value categories means the cost elements on which the interest is to be calculated for internal orders and projects.

Path: accounting-controlling-internal orders-actual postings-interest calculation-value categories TC: CJVC

Give controlling area:
2006 Execute
The screen will come as below
Go to menu item extras>value category>create Give chart of

accounts: 2006 and continue Click
on new entries button
Give value category code: 2006(maximum 14character)
Give the text of the value category: value categories of
the cost elements: 2006

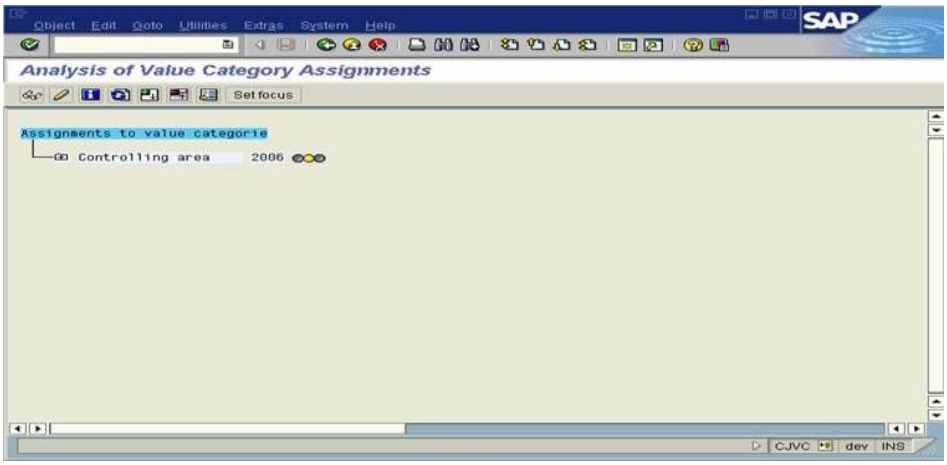


Figure 238

Select cost button with radio button.

Save data. The screen appear like as under and go back.,,

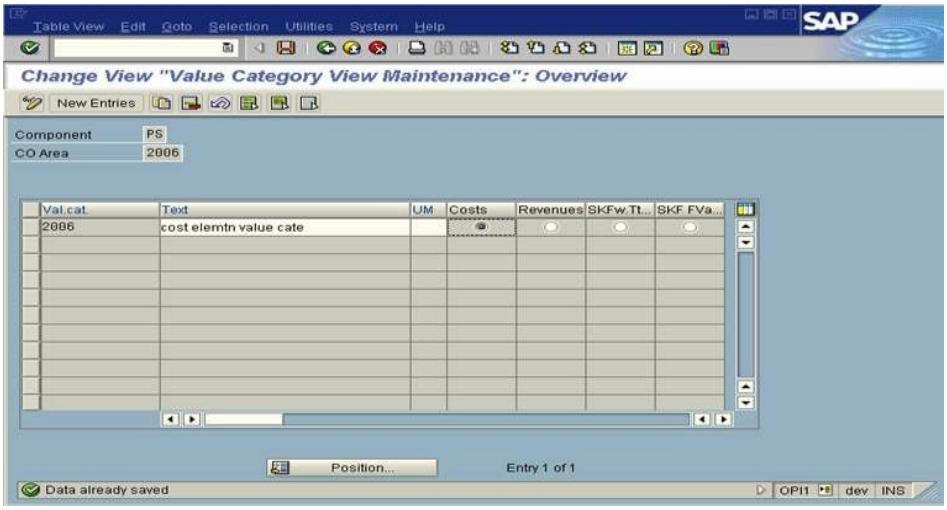


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Value Category View Maintenance": Overview
New Entries
Component PS
CO Area 2006
Val.cat. Text UM Costs Revenues SKFw.Tt... SKF FVa...
2006 cost elemtn value cate
Position... Entry 1 of 1
Data already saved
OPI1 dev INS

Figure 239

Go back to category assignment screen and go to menu item>extras>value category>assign cost elements,

Give chart of accounts and

continue Give value category:

2006

Give the cost elements from 400000 to 499999 I.E all expenses cost elements we can give secondary cost elements also which can be considered for interest calculation purposes. We can also give revenue items (with cost reducing revenue category i.e.1)

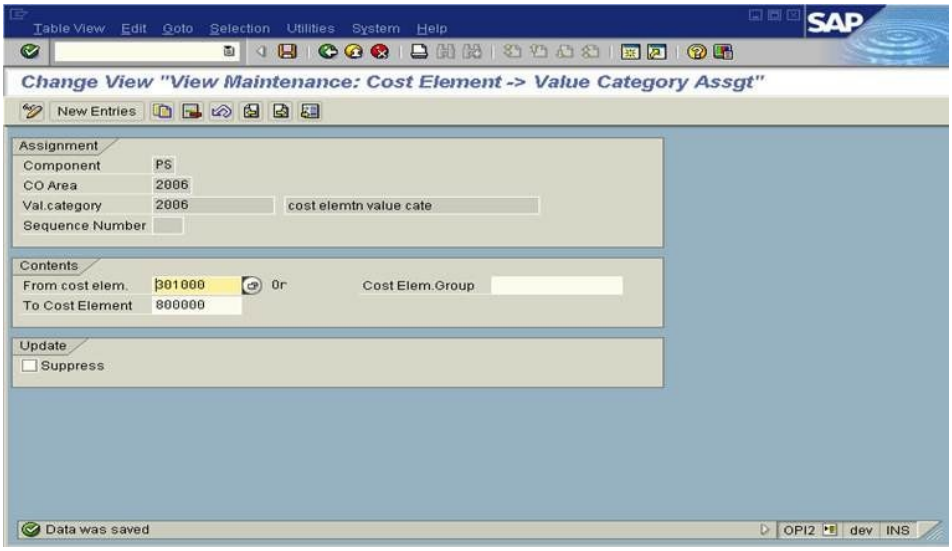


Figure 240

If you select the update check box as suppressed the system will not update the same in the order reports there by the amount will not be falls within the availability control check purposes. However, entry will be passed in the system.

Go back to value category assignment screen extras>value category>assign commitments if required and also assign skf to value category if required (with the same process)

In value category assignment screen controlling area will be assigned with three color messages.

green: no errors in assignments
yellow means : some assignments are not done properly done or left some accounts un assigned
Red means: some serious errors are happened during configuration.

Go and verify accounts by clicking on the +symbol further down the line ensure all the expenses are properly assigned.

Define interest indicator: TC: OPIE

The interest indicator defined earlier we can use the same indicator either balance type or item interest type

Specify general terms: same path: TC: OPIH (we need not configure any things here in these screens)

Define interest rate terms: and save the data (we need not configure any thing here in these screens)

Define Interest Profile:
Interest profiles are the rules, conditions, and parameters for the interest indicator to calculate the interest on the projects, orders.

Create interest profile: path: controlling-internal orders-actual postings-interest calculations-interest profile-create interest profile. TC: OPIA

Select the new entries button,

Give interest profile code:2006(maximum 7 characters)

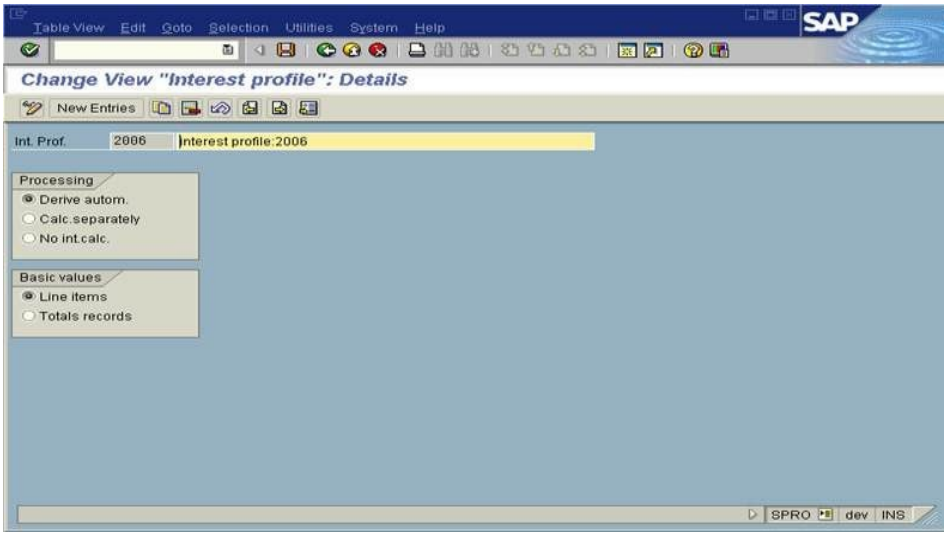


Figure 241

Select derive automatic processing option and line items option. Save the profile

Enter detail settings for Interest profile: path is same: TC:OPIB Click on new entries button, give the details as under.

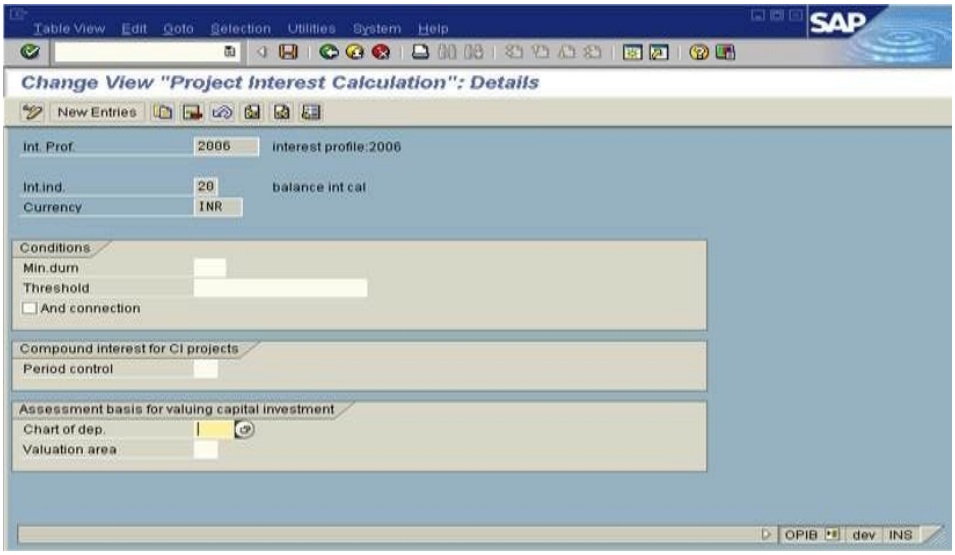


Figure 242

Minimum run days: applicable for the project minimum days to calculate the interest.

Threshold limit is the minimum amount to be calculated interest on the amount

If you select the, and connection check box, the system checks both the above conditions are met while calculating the interest. If you don't select, any one the condition is sufficient.

Period control: if you set the condition accordingly the system calculates compound interest. Save the data

Define interest relevance for value categories: same path: TC: OPIC

In this configuration we select the cost elements, and commitment items and payment items, on which we have to calculate the interest. Generally it applies for project systems.

Define posting specifications for financial accounting: Path is up to interest calculation is same> up date control>define posting specifications for financial Accounting. TC: OPID
Click on accounts button,
Give chart of accounts: 2006 and continue,
Give the account symbols and currency and general ledge account number. Screen as under
Save the transaction.

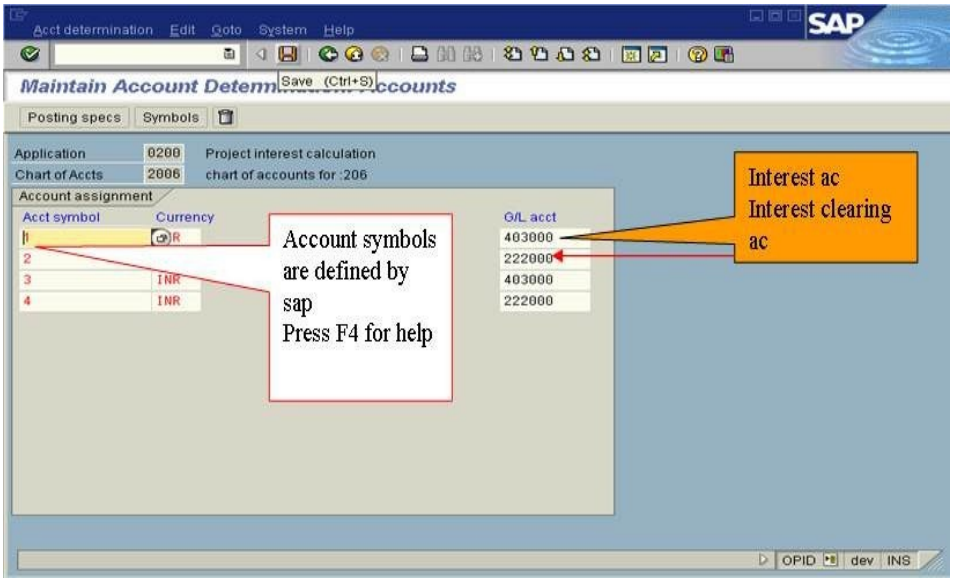


Figure 243

Select posting specs button; and click on create button(small pop up screen comes to you)

Give the business

transaction1000 Company

code:2006

Interest indicator:+

Business area + and continue, then system prompts for posting keys and account symbols

Give the posting

key:40 And

account symbol 1

And posting key 50

And account symbol:2continue

And repeat the same process for business transaction 2000 also

But account symbol are 3 and 4 we have to select and save the transactions.

Define period control for compound interest: path is same: TC: OPIG In this configuration we set the period for calculation of compound interest. If you set this,

regular interest run will be a normal interest run. The

compound interest will be calculated as per the period set, with retrospective dates also.

Assign the interest profile to the internal orders: to go changes internal order: KO02
Give the order on which you want to calculate the interest:<enter>

Click on period end closing button,

Give the interest profile:2006 save the transaction.

Execute the interest for the internal orders: accounting-controlling- internal orders-period end closing-interest calculations- CJZ6individual processing

Give the order on which interest is to be calculated: 800901

Give the period up to which you want to calculate the interest:09 and fiscal year: 2006

Check the programme for any errors with test run if no errors are there go and delete the test run button and execute the system process the information without any errors. Go and verify the respective orders and financial accounting document.

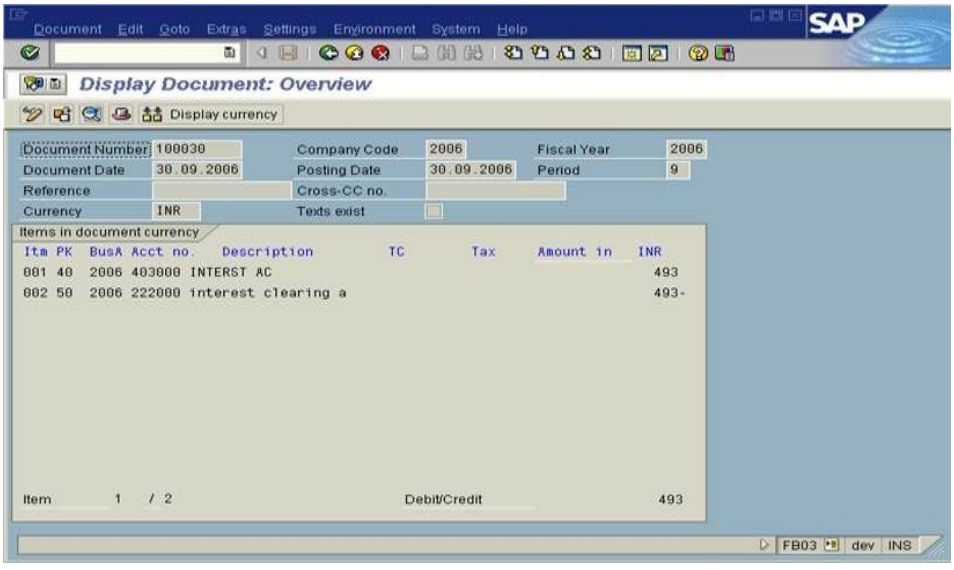


Figure 244a

Particular order will be debited with interest.

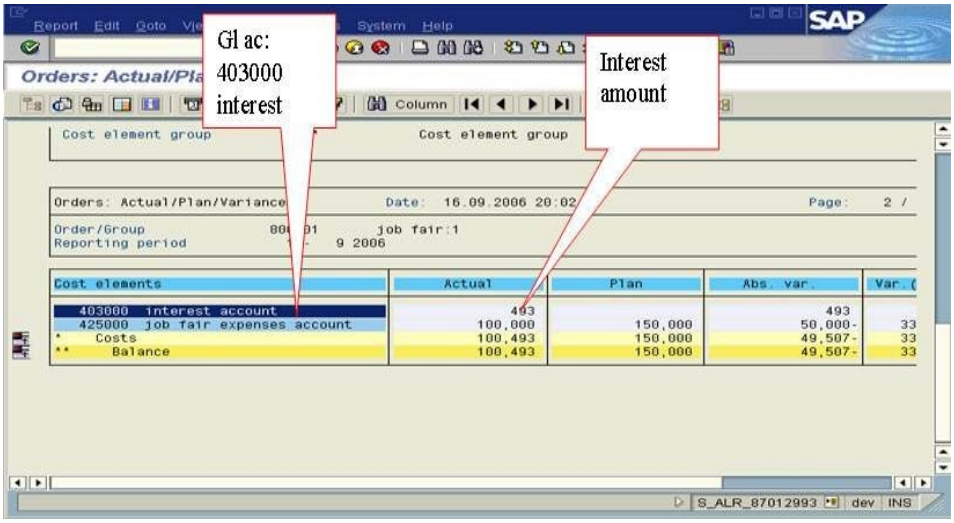


Figure 244b

Period end closing:

In Cost Center Accounting, period end closing will be done through distribution, assessment, and internal activity allocation methods. However, as a part of period end closing job, in internal order management, we use the functionality of settlement. The settlement is used to settle the cost form one order to one or many controlling objects. The settlement of transactions is two types. One is Basic settlement and another one is extended settlement. In the basic settlement we settle one order to one cost center or one general ledger account. To do the basic settlement we have to incorporate the settlement receivers in the master data of the settlement sender order master data.

However, if you want settle the data among various settlement receivers we have to define the settlement profile. The settlement profile contains the allocating structures, and the permitted valid receivers and the control functions. While defining the allocation structure we have to maintain the sources elements as assignment nature wise and specify the settlement cost element also. We can specify maximum 999 settlement distribution rules in one settlement profile. For the purposes of perform ace reason we must specify the reasonable distribution rules as per the project requirement. We can specify any number of settlement profiles for the requirement of the project.

Settlement of costs in between internal orders: path: accounting- controlling-internal orders- period end closing-periodic repositng-

KSW5 periodic reposting. (Cycle segment method)

Go to menu item

extras>cycle>create Give the

cycle name: iopr20

And start date010106<enter>

Give the text of the cycle and select the iterative check box; click on attach segment

Give the segment header and sender order and receiver order and receivers tracing factors and save the data.

Come back to the main execution screen

Give the period for which you want to execute the programme and fiscal year

Deselect the test run button and execute

And verify the respective orders in report verification.

Settlement of internal orders to cost centers or other controlling objects (basic settlement)

Change the internal order with the Cost

centre>go to KO02 Give the internal order you

want to settle to cost centers>enter> Click on

period end closing tab

Give the settlement cost element: secondary cost element

with category 21 Give the cost center and save

Execution of settlement to cost centers:

Accounting-controlling-internal orders-period end closing-settlement-KO88 individual processing.

Give the period and deselect the test run button and execute.

Settlement is executed. Verify the reports of cost center and internal orders

Settlement of internal orders to different cost centers and different internal orders :(extended settlement)

Pre requisites: 1. Define the allocation structure with out any over lapping.

Path: controlling-internal orders-actual postings-settlement-maintain allocation structure

Select the allocation structure A1; click on assignments

button,

Select the assignment button one by one you want to settle i.e.001 raw material cost

Click on source button give the primary cost element from and to numbers of raw materials

Click on settlement cost element

Give the receiver object and settlement cost element (we can give one by one different controlling object and their settlement cost elements and save;

Repeat the same process for all cost assignments (if required) and save the allocation structure.

2.In each assignment specify the settlement cost object and settlement cost element

Change the Internal Order: KO02 with settlement rule (different cost centers and amounts different internal orders and amounts and save the settlement rule.

Execute the settlement of internal order in KO88 individual processing: Go and verify the reports.

SETTLEMENT OF INTERNAL ORDERS TO GENERAL LEDGER ACCOUNTS (EXTERNAL SETLEMENT)

Internal orders can be settled not only to controlling objects, but also sometimes can be settled to external general ledger accounts. An example regular revenue expense has to capitalize to any asset account on a fixed date. for this functionality we use the external settlement of internal orders.

Pre requisites:

One primary cost element repair expenses with cost element category with
22. (ka01)
One fixed asset account without reconciliation account type (as general asset) (transformers account) (fs00)

Creation of internal order for this type of expenses (KO01)

While opening the internal order click on period end closing option give the settlement cost element: 426000 (cel cat: 22) and GL account: asset ac (226000) and save the data.

Post the general expenses to the internal order in (F-02)

Go and verify the report

Execution of settlement: KO88 individual processing;

350

Give the order and settlement period and posting period Deselect the test run button and execute.

Go and verify the report. System generates one accounting document by debiting to asset ac and credit repairs account (426000) and internal order also. Verify the financial accounting document also.

SETTLEMENT OF ASSETS UNDER CONSTRUCTION ACCOUNTS WITH/WITHOUT INTERNAL ORDERS.

Define settlement profile:

Spro-rim- financial accounting-fixed asset accounting-transactions- capitalization of assets under construction-define/assign settlement profiles-TC: OK07

Click on new entries button,
Give code for settlement profile Auc: 2006 Description: settlement profile for Auc: 2006

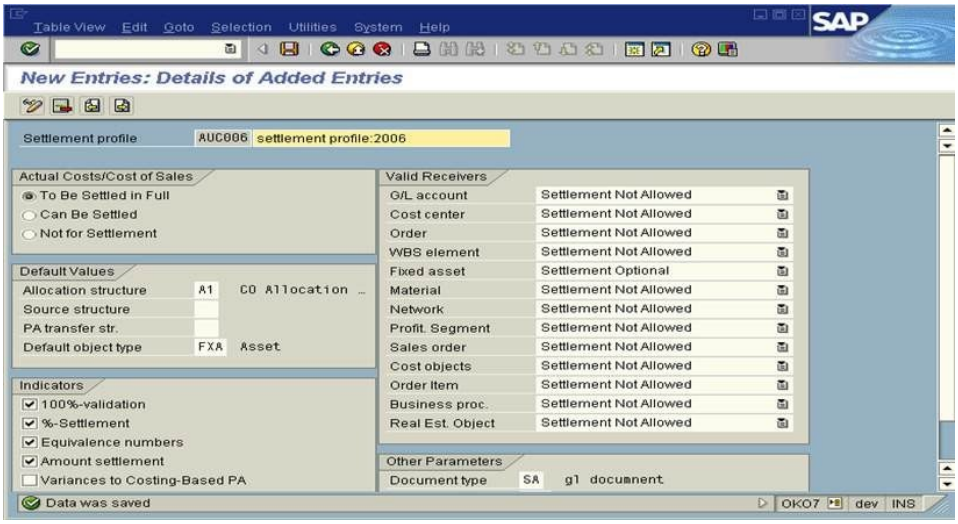


Figure 245

Assign settlement profile to company code: same path: Double click on assign settlement profile to company code: OAAZ Click on position button
Give company code
Give settlement profile:
Auc006 Save the data

Post the transactions of expenses to auc account in f-02 Verify the report AW01N asset explorer.

Capitalize the balance in assets under construction account to main asset account
Path: accounting-financial accounting-fixed assets-posting-capitalize assets under construction-aiab distribute
Give company code: 2006
Give asset number: 40001-
0(auc ac) Execute
Select the line item with (red
symbol) Click on enter button
Give settlement category:
FXA Settlement receiver
asset ac:
Give the % of amount of settlement or amount or equilance number also Come back (the red symbol will be changed to green symbol)
And save the distribution rule
Execution of settlement: same path: TC: AIBU
Give the asset value date: and give the text give document type
Delete the test run button. Document will be displayed with document number.

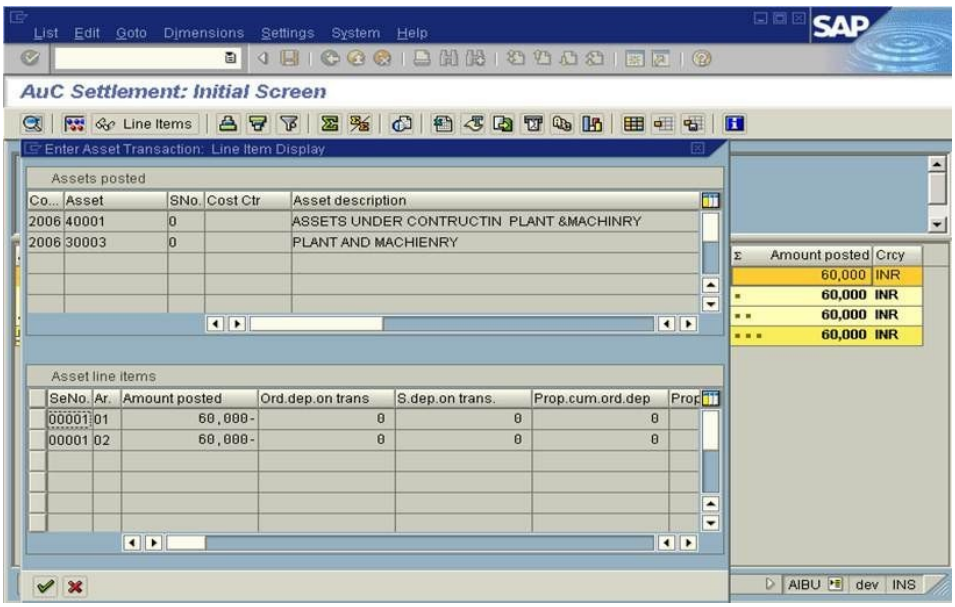

List Edit Goto Dimensions Settings System Help
SAP
AuC Settlement: Initial Screen
Line Items
Enter Asset Transaction: Line Item Display
Assets posted
Co... Asset SNo. Cost Ctr Asset description
2006 40001 0 ASSETS UNDER CONTRUCTIN PLANT &MACHINRY
2006 30003 0 PLANT AND MACHIENRY
Σ Amount posted Crcy
60,000 INR
60,000 INR
60,000 INR
60,000 INR
Asset line items
SeNo. Ar. Amount posted Ord.dep.on trans S.dep.on trans. Prop.cum.ord.dep
00001 01 60,000- 0 0 0
00001 02 60,000- 0 0 0
AIBU dev INS

Figure 246

Go and verify the document in aw01n asset explorer. Auc will become zero balance. Plant and machinery will be increased by the balance of the auc asset.

Settlement of Assets under construction accounts through internal orders (investment proposal)

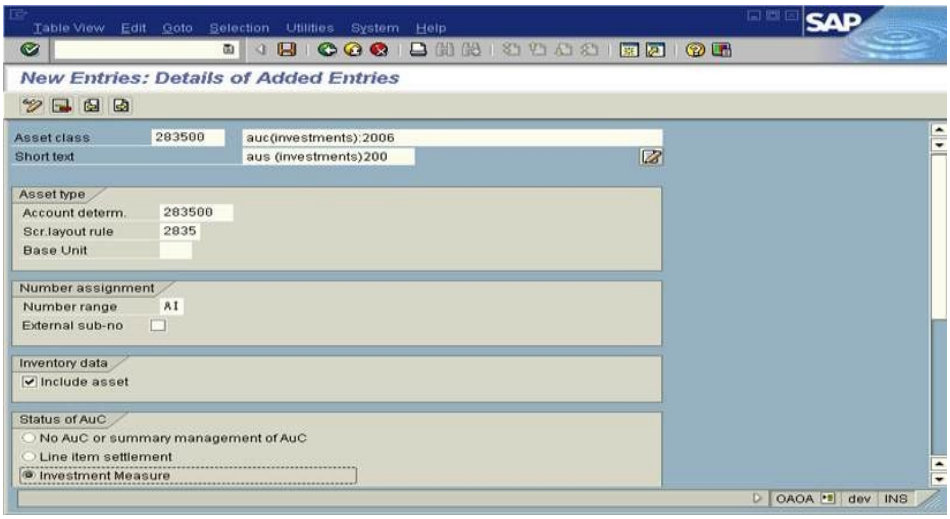


Figure 247

Create special asset class for investment auc: and select Investment measure in auc status column. This is only difference in between regular auc and investment auc.

2. Determine the depreciation areas in the assets class (auc investment) Both book depreciation and spel tax dep is to be activated.
3. Determine the GL accounts as the case of general AUC

Define investment Profile: path: spro-rimg-investment management- internal orders as investment measures-master data-define investment profile TC: OITA

Double click on investment

profile Click on new entries

button

Give the investment profile code: im2006 and

description Select manage auc

Give investment asset class: auc

investment (283500) Select the line

settlement of radio button

Select the type of distribution rule is %

The appearance of the investment profile is as under.

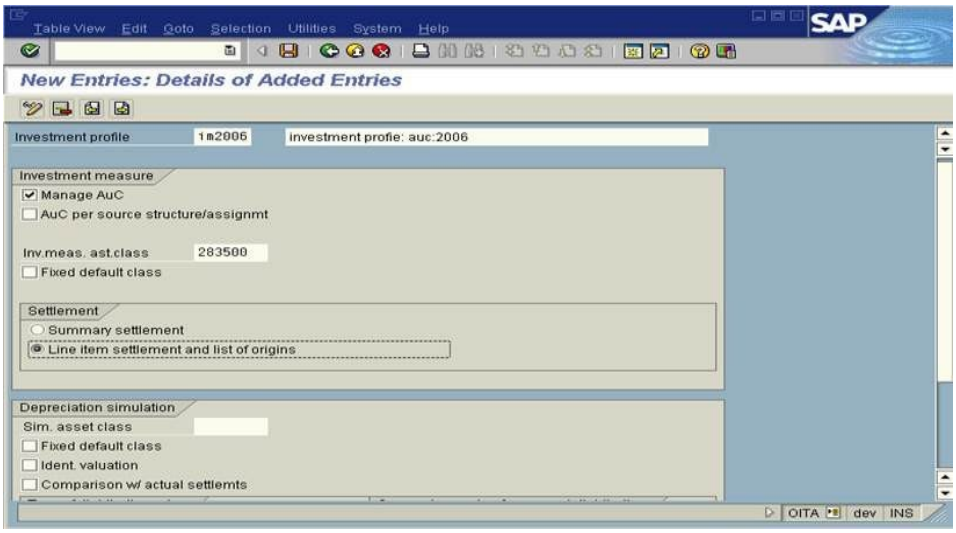


Figure 248

We have to create separate internal order type
TC: KOT2 Create new order type
Settlement profile must be auc settlement profile created in the previous auc settlement
And remaining parameters are same as previous order type.

Create the number range separately for the this order type: path same as above TC: KONK

Create order master data: KO01 for auc investment order
While creating the order if the system prompts for opening of investment auc master data to menu item

Extras>assets under construction and give 0%depreciationkeys and save the internal order and asset master data of Investment auc.

Post the expenditure in f-02 to auc investment order Amount was posted in the order for investments.

Change the allocation structures: ok06
Select the assignment 025 and click on source column and give the primary cost element with category (22) external settlement:
Note: because we have to settle the internal order amount to fixed asset i.e. external account.

Settlement of internal order for Auc:

Path: accounting-controlling-internal orders-period end closing-single functions-settlement-KOB5 internal order line items

Give the order and execute

Select the line item with red

symbol Click on enter final

settlement rule button

Give the category FXA final settlement receiver: new asset in Plant and machinery asset class: 30004-0

Press enter and go back and save the distribution rule. Go to main easy access screen.

Execute the settlement in KO88 individual processing (same path as previous)

Give the order:

Settlement period and

posting period Delete the test

run

And verify the report

System posts the amount to auc account and credit the amount to internal orders.

End user reporting activities: and reports
Path: information systems-accounting-controlling-reports for internal order-plan actual comparisions-s_alr_87012995 list: orders:

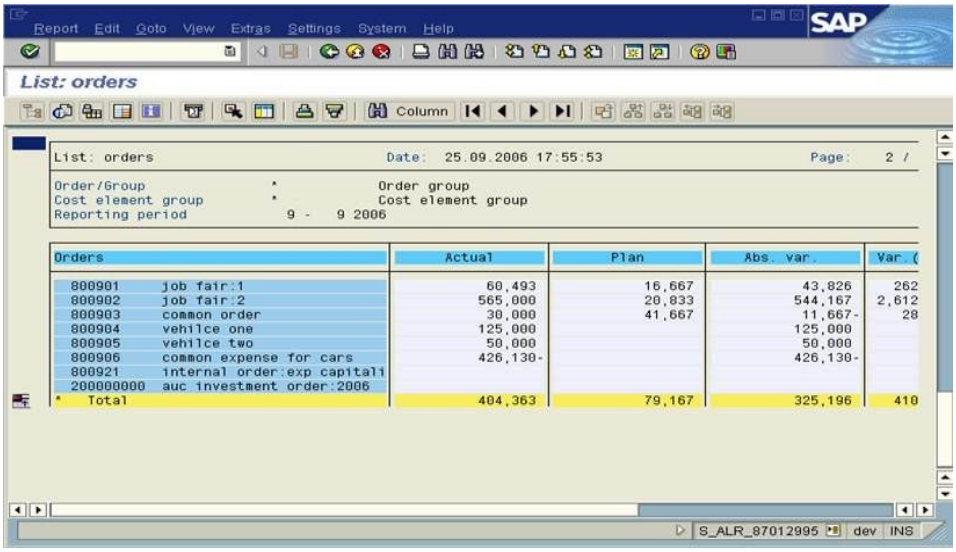

Report Edit Goto View Extras Settings System Help
SAP
List: orders
Column
List: orders Date: 25.09.2006 17:55:53 Page: 2 /
Order/Group * Order group
Cost element group * Cost element group
Reporting period 9 - 9 2006
Orders Actual Plan Abs. var. Var.(
800901 job fair:1 60,493 16,667 43,826 262
800902 job fair:2 565,000 20,833 544,167 2,612
800903 common order 30,000 41,667 11,667- 28
800904 vehilce one 125,000 125,000
800905 vehilce two 50,000 50,000
800906 common expense for cars 426,130- 426,130-
800921 internal order:exp capitali
200000000 auc investment order:2006
* Total 404,363 79,167 325,196 410
S_ALR_87012995 dev INS

Figure 249

Internal order by cost elements: s_alr_87012996

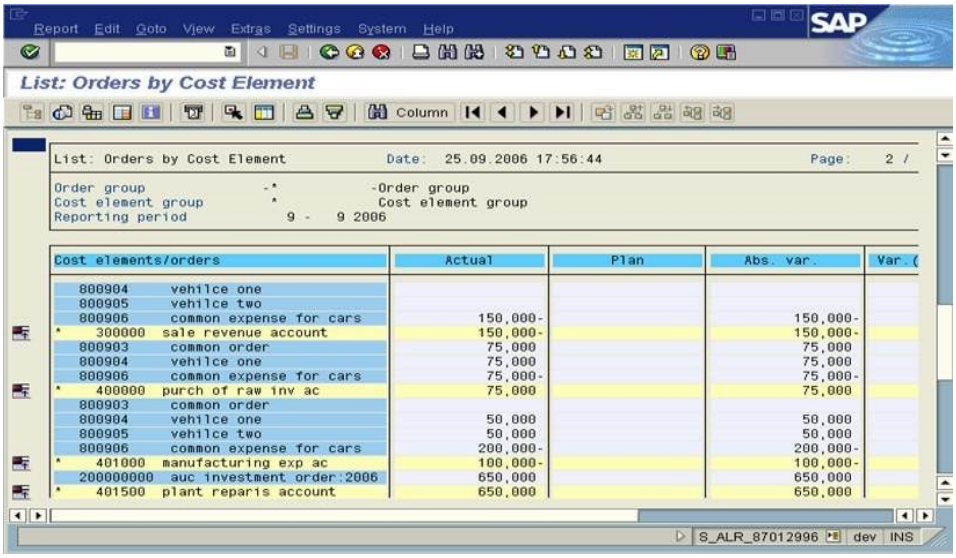

Report Edit Goto View Extras Settings System Help
SAP
List: Orders by Cost Element
Column
List: Orders by Cost Element Date: 25.09.2006 17:56:44 Page: 2 /
Order group -* -Order group
Cost element group * Cost element group
Reporting period 9 - 9 2006
Cost elements/orders | Actual | Plan | Abs. var. | Var.(
800904 vehilce one
800905 vehilce two
800906 common expense for cars 150,000- 150,000-
* 300000 sale revenue account 150,000- 150,000-
800903 common order 75,000 75,000
800904 vehilce one 75,000 75,000
800906 common expense for cars 75,000- 75,000-
* 400000 purch of raw inv ac 75,000 75,000
800903 common order
800904 vehilce one 50,000 50,000
800905 vehilce two 50,000 50,000
800906 common expense for cars 200,000- 200,000-
* 401000 manufacturing exp ac 100,000- 100,000-
200000000 auc investment order:2006 650,000 650,000
* 401500 plant reparis account 650,000 650,000
S_ALR_87012996 dev INS

Figure 250

Internal orders yearly comparison: s_alr_87013001

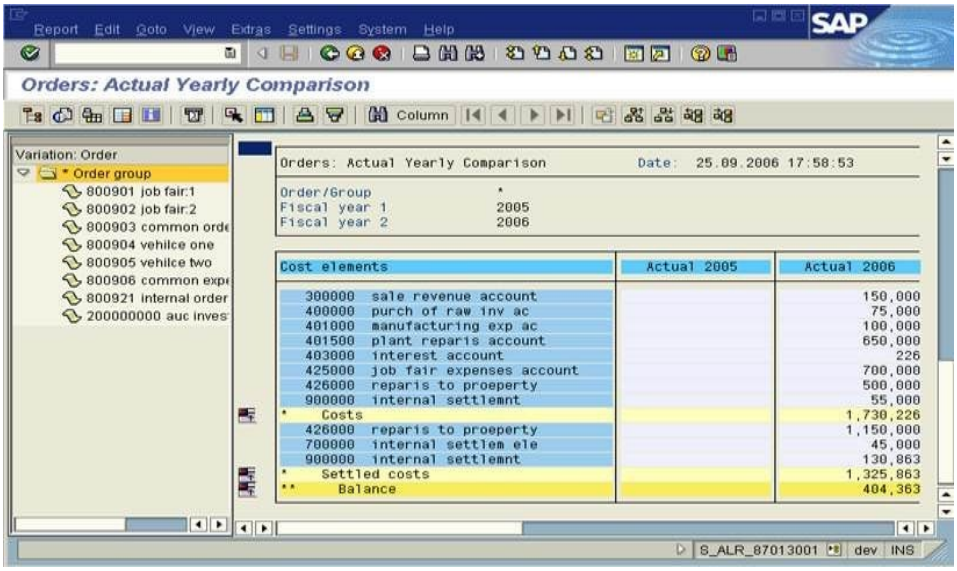

Report Edit Goto View Extras Settings System Help
SAP
Orders: Actual Yearly Comparison
Column
Variation: Order
* Order group
800901 job fair:1
800902 job fair:2
800903 common orde
800904 vehilce one
800905 vehilce two
800906 common expe
800921 internal order
200000000 auc inves
Orders: Actual Yearly Comparison Date: 25.09.2006 17:58:53
Order/Group *
Fiscal year 1 2005
Fiscal year 2 2006
Cost elements | Actual 2005 | Actual 2006
300000 sale revenue account 150,000
400000 purch of raw inv ac 75,000
401000 manufacturing exp ac 100,000
401500 plant reparis account 650,000
403000 interest account 226
425000 job fair expenses account 700,000
426000 reparis to proeperty 500,000
900000 internal settlemnt 55,000
* Costs 1,730,226
426000 reparis to proeperty 1,150,000
700000 internal settlem ele 45,000
900000 internal settlemnt 130,863
* Settled costs 1,325,863
** Balance 404,363
S_ALR_87013001 dev INS

Figure 251

Internal order actual line item report: path is same: KOB1

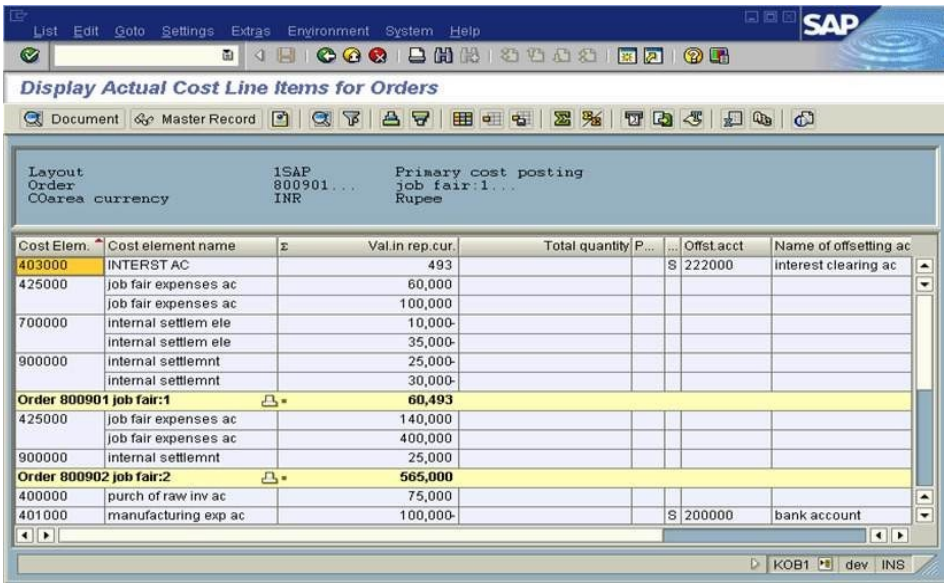

List Edit Goto Settings Extras Environment System Help
SAP
Display Actual Cost Line Items for Orders
Document Master Record
Layout 1SAP Primary cost posting
Order 800901... job fair:1...
COarea currency INR Rupee
Cost Elem. | Cost element name | Σ | Val.in rep.cur. | Total quantity | P... | ... | Offst.acct | Name of offsetting ac
403000 | INTERST AC | 493 | S | 222000 | interest clearing ac
425000 | job fair expenses ac | 60,000
job fair expenses ac | 100,000
700000 | internal settlem ele | 10,000-
internal settlem ele | 35,000-
900000 | internal settlemnt | 25,000-
internal settlemnt | 30,000-
Order 800901 job fair:1 | 60,493
425000 | job fair expenses ac | 140,000
job fair expenses ac | 400,000
900000 | internal settlemnt | 25,000
Order 800902 job fair:2 | 565,000
400000 | purch of raw inv ac | 75,000
401000 | manufacturing exp ac | 100,000- | S | 200000 | bank account
KOB1 dev INS

Figure 252

List of internal orders:KOK5

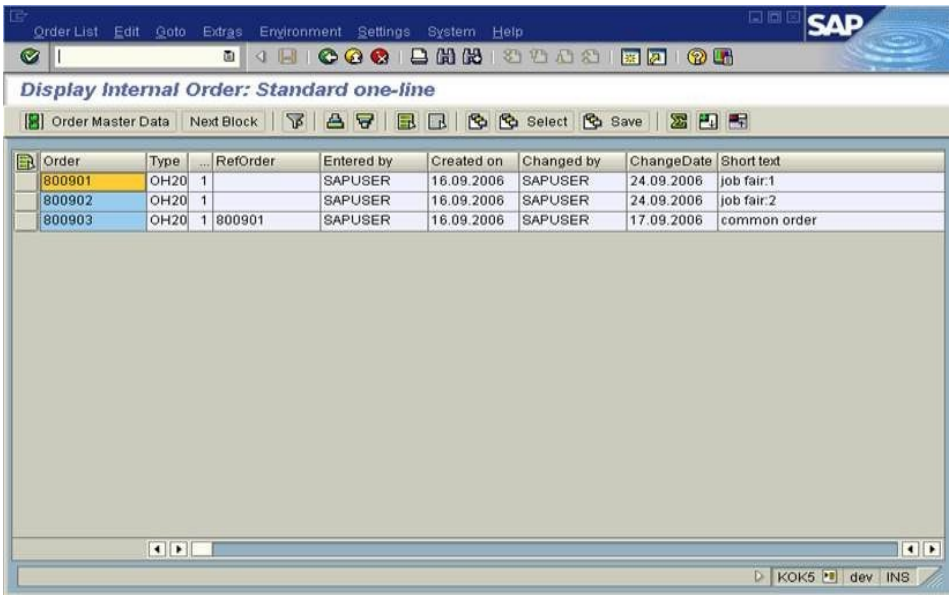

Order List Edit Goto Extras Environment Settings System Help
SAP
Display Internal Order: Standard one-line
Order Master Data Next Block Select Save
Order | Type | ... | RefOrder | Entered by | Created on | Changed by | ChangeDate | Short text
800901 | OH20 | 1 | SAPUSER | 16.09.2006 | SAPUSER | 24.09.2006 | job fair:1
800902 | OH20 | 1 | SAPUSER | 16.09.2006 | SAPUSER | 24.09.2006 | job fair:2
800903 | OH20 | 1 | 800901 | SAPUSER | 16.09.2006 | SAPUSER | 17.09.2006 | common order
KOK5 dev INS

Figure 253

Internal order debit /credit /balance; report:

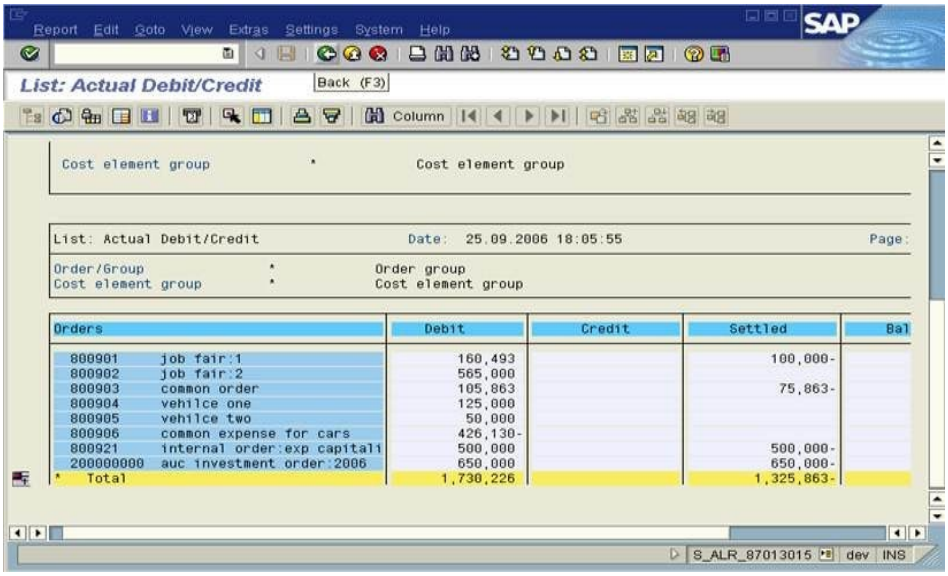

Report Edit Goto View Extras Settings System Help
SAP
List: Actual Debit/Credit
Back (F3)
Column
Cost element group * Cost element group
List: Actual Debit/Credit Date: 25.09.2006 18:05:55 Page:
Order/Group * Order group
Cost element group * Cost element group
Orders Debit Credit Settled Bal
800901 job fair:1 160,493 100,000-
800902 job fair:2 565,000
800903 common order 105,863 75,863-
800904 vehilce one 125,000
800905 vehilce two 50,000
800906 common expense for cars 426,130-
800921 internal order:exp capitali 500,000 500,000-
200000000 auc investment order:2006 650,000 650,000-
* Total 1,730,226 1,325,863-
S_ALR_87013015 dev INS

Figure 254

CHAPTER 11

Product Costing

PRODUCT COSTING.

Product costing is one of the important tools in SAP environment. It explains how to determine the cost of product or a unit. Product costing is used to know the unit cost of the goods manufactured or sold. It helps not only to know the cost of production, but also useful to know the profitability of the product. In sap the product cost planning has been divided into four components. These are

1. Product cost planning
2. Cost object planning
3. Material ledger
4. Information system

1. Product cost Planning:

Product cost planning is used to estimate the standard cost of a product. In standard costing we determine the cost of a product, valuation of materials, and finished goods inventories. It further decides the profitability margin there by we can derive the result analysis in profitability accounting. In product cost planning component, we used to derive the information from the following areas to determine the standard cost of a product.1.Material management 2.cost center accounting 3.production planning. If you use the information from all three components to know the product cost is called as “Cost estimation with quantity structure. Determination of product cost with quantity structure uses the information from production module extensively, like BOMs and routings irrespective of the kind of production activities it undertakes.

The cost estimation without Quantity Structures uses the information of materials, and activities manually to determination the product cost or cost of goods sold. The product cost planning considers not only the tangible costs but also value the intangible costs which contributes for determination of product cost. The Product Cost Planning is useful to determine the price floors, optimization of cost of goods sold, valuation of inventories, and also useful in Profitability analysis and

profit center accounting.

2. Cost Object Planning:

The another way of determination of product cost or standard cost is Cost Object Planning. In this method the total costs of a product will be derived through the cost objects for which the actual costs are assigned. Product cost planning is the basis for cost object planning. The cost Object Planning

has the following process. First one is preliminary costing in which the cost will determine in normal way. In the second one the costs will be assigned to various cost objects and finally the assigned cost object costs were compared with the planed costs and prepare the variance analysis for the cost of production. The cost objects are as follows.

a. Production orders.
b. Process orders
c. Sale orders.

All the costs either directly or indirectly must be assigned to the above cost objects compulsorily.

3. Material Ledger:

Material ledger useful to collect the information in respect of all the materials. it useful for determine the material costs for various purposes in different valuation area.

The main purpose of either product cost planning or cost object planning to determine the cost of goods sold. The basic information regarding the cost of goods sold is as under.

Sno	particulars	amounts	Narration/
1.	Rawmaterial used in the production	xxxxxx	Raw material cost derived from Material master record>Bill of materials> called Material Cost
2.	Direct labour&other direct costs	xxxxxx	Derived through cost center accounting Work centers and Routings are called as Process cost. The cost in column 1+2 is called as Prime cost
3.	Manufacturing Over heads Administrative Over heads Other related over heads	xxxxx	Determine the over head costs basing on the overhead rate structures in the costing sheets. The Prime cost +overhead cost is called as The cost of Production
4.	Selling and distribution on over heads	Xxxx	The cost of production +selling and distribution over heads is called as cost of goods sold
5.	Unit cost or standard cost of a unit	amount/no. of units	
6	Add the profitability margin	Selling price of an unit	Sale Revenue from sale orders

362

Material Cost:
Can be derived from the Bill of material used in the production module. Bill of material contains the quantity of raw material used in the process of production. The material price will be taken from Material Master.

WORK CENTRE:
The organizational unit, where the actual production activities are taking place.

ROUTINGS: is called the scheduled process of manufacturing in a work center is called routings.

Cost Sheet: is used to determine the overheads.
To determine the cost of goods sold SAP uses costing variants: the cost of goods sold is used by different modules for different purposes. In Material Management the cost of goods sold is used to determine the raw material cost and finished goods inventory. In production planning module the cost of goods sold is used to determine the Price variances and product cost or unit cost or standard cost. Overhead modules used the cost of goods sold as to know the cost of resources.

The basic Configuration steps involved in product cost planning as follows.
1.Data from the Material Management.(material cost)

Define Material Master Record: MM01
Material name: **material 2006** was created with moving price: 5000 standard price: 5500

Finished good: FG2006 was created with standard price: 9000

To know the process cost we have to set the cost center accounting: Define the labor cost centre (if already defined use the same cost center,) KS01: I have created for this purpose a cost centre: pc2006

Define activity type in KL01: one activity type is created for this purpose: pc2006: labor hours

Plan the cost centre& activity planning: activity planning in Kp26 and cost element planning: kp06
Cost element planning: KP06: cost element: 401000&401500:1200000, 1600000 respectively.

Activity planning: KP26: activity planned: 1200 hours with fixed rate100+variable rate100: total: 200

Since the total costs planned for the cost centre is: 2800000 and activity hours planned: 1200 the hourly rate: 2333

Other configurations in production

planning module: Define Person

responsible for work centers:
Spro-rimg-production-basic data-work center-general data-determine person
responsible: OP10

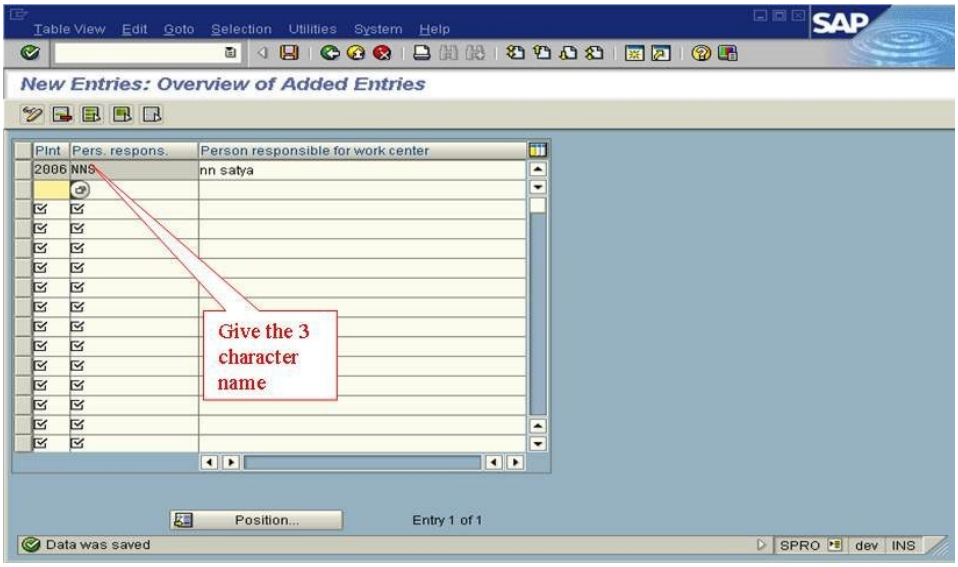


Figure 255

Give the details as mentioned in the screen. And save the data. this is a prerequisite condition to define the work center.

Define work center:

Path: logistics-production-master data-work center-work center- cr01 create:

Give the plant:2006

Give the name of the work centers:2006

Give the work center category or ref work center and click on basic data button.

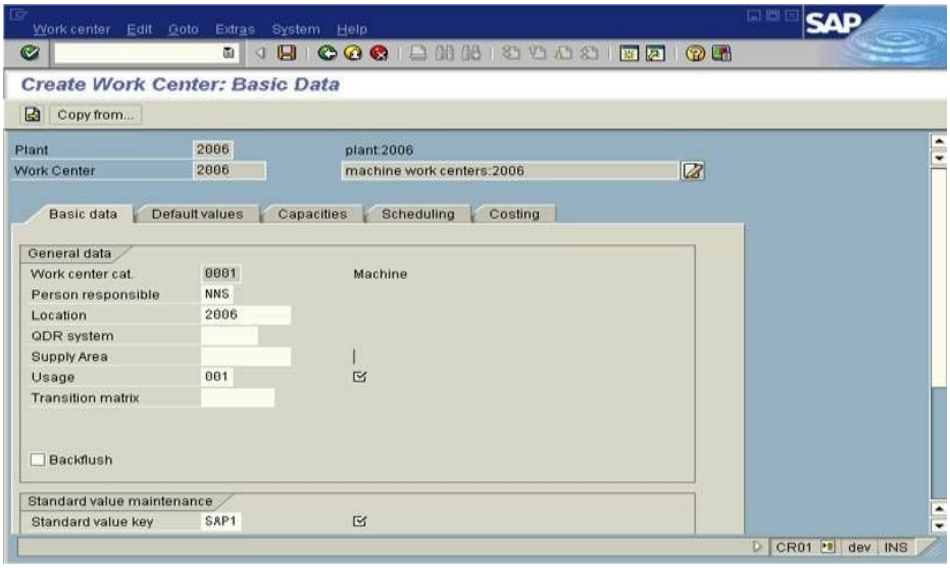


Figure 256

After giving the basic data click on costing button give the details as under

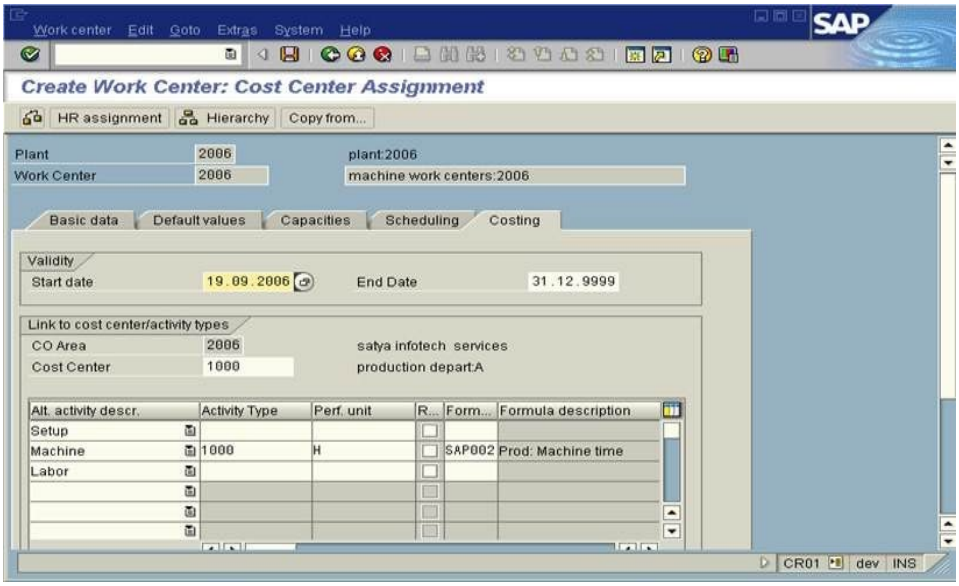

Work center Edit Goto Extras System Help
SAP
Create Work Center: Cost Center Assignment
HR assignment Hierarchy Copy from...
Plant 2006 plant:2006
Work Center 2006 machine work centers:2006
Basic data Default values Capacities Scheduling Costing
Validity
Start date 19.09.2006 End Date 31.12.9999
Link to cost center/activity types
CO Area 2006 satya infotech services
Cost Center 1000 production depart:A
Alt. activity descr. Activity Type Perf. unit R... Form... Formula description
Setup
Machine 1000 H SAP002 Prod: Machine time
Labor
CR01 dev INS

Figure 257

Create another work centre with 2007 labor work center there is no difference except in the work center category we have to mention t:003 labor category only. Give the details accordingly.

Define Bill of Material:
Path: logistics-production-master data-bill of material-bill of material- material bom-CS01 create

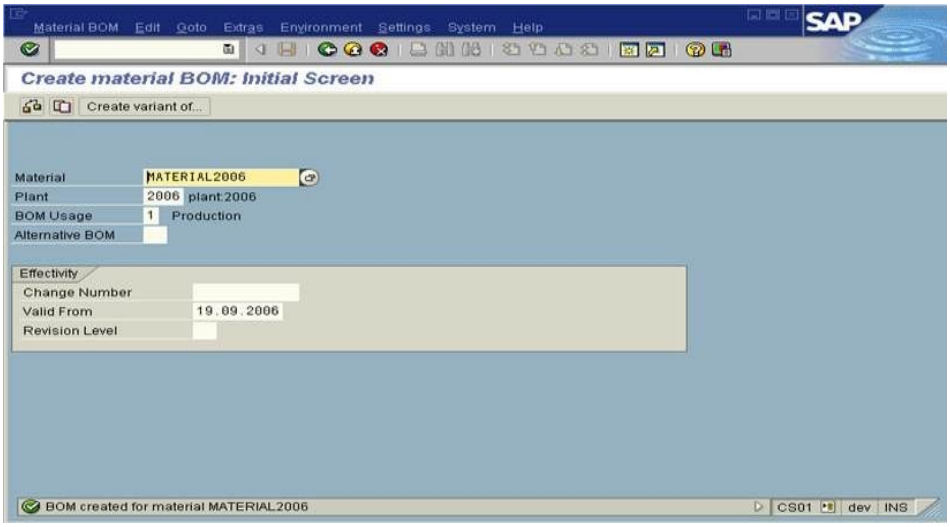


Figure 258a

Give the material number:material2006 Give the plant:2006

Give the bom usage:1 and press<enter>

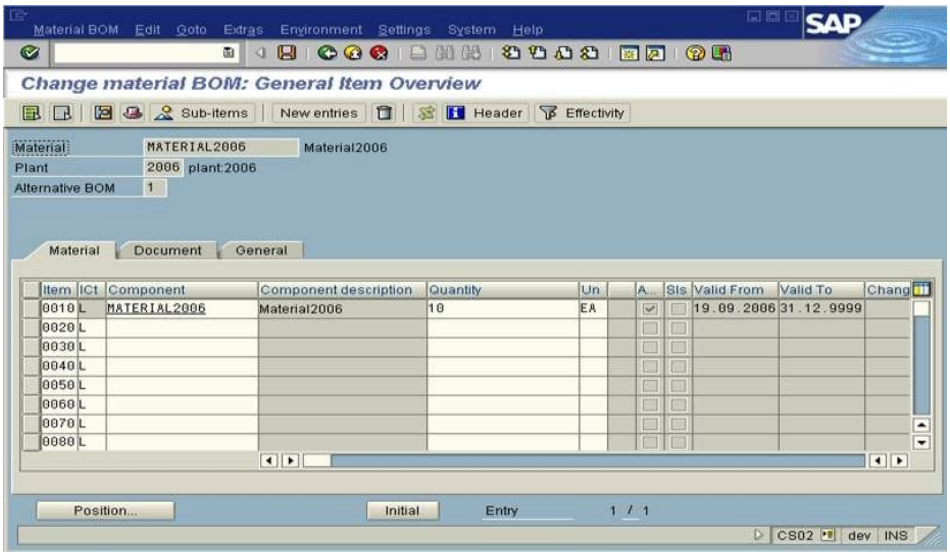

Material BOM Edit Goto Extras Environment Settings System Help
SAP
Change material BOM: General Item Overview
Sub-items New entries Header Effectivity
Material MATERIAL2006 Material2006
Plant 2006 plant:2006
Alternative BOM 1
Material Document General
Item ICt Component Component description Quantity Un A... Sls Valid From Valid To Chang
0010 L MATERIAL2006 Material2006 10 EA 19.09.2006 31.12.9999
0020 L
0030 L
0040 L
0050 L
0060 L
0070 L
0080 L
Position... Initial Entry 1 / 1
CS02 dev INS

Figure 258b

Give the material number used for production: material2006 quantity:10(ensue the quantity is available in storage location) or else post the material purchase transactions(ME21n MIGO and MIRO)

Press enter select recursive check box and save

the data System gives a message: material bom

created

Create routings:
Path: Are same as above and TC: CA01 create:

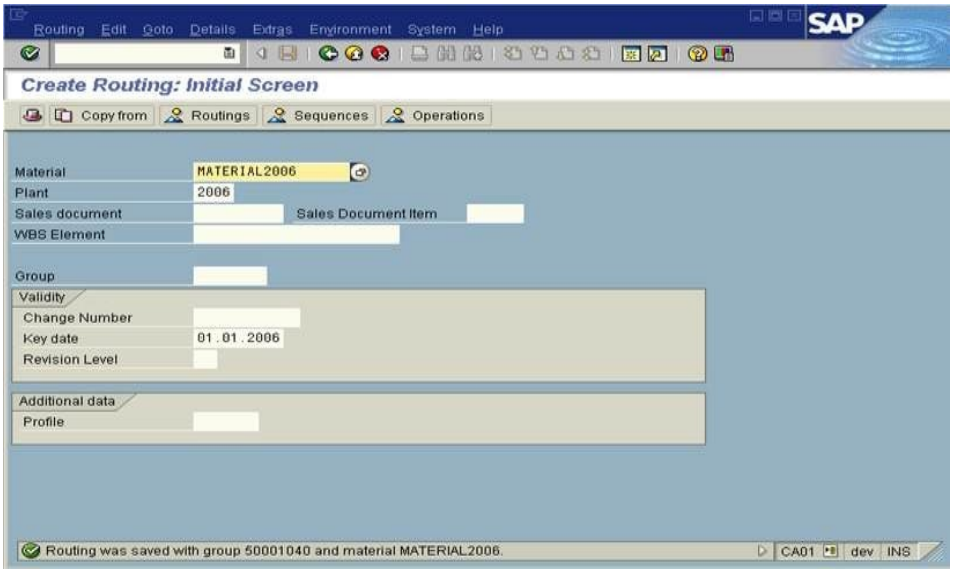


Figure 259

Give the material

number:material2006 Give

plant:2006

Give key data:010106

<enter> Give usage: 1

production Give status:

released general

Give the work center:2006 plant:2006 control key:pp01 and

Again work center:2007 plant 2006 control

key:pp01<press enter> Select the 1st work center

and click on operations button

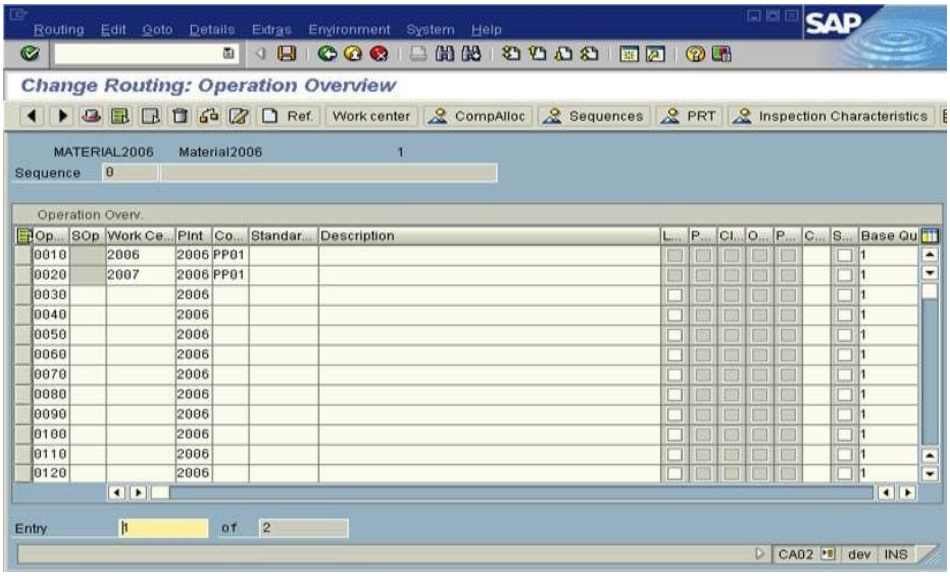

Routing Edit Goto Details Extras Environment System Help
SAP
Change Routing: Operation Overview
Ref. Work center CompAlloc Sequences PRT Inspection Characteristics
MATERIAL2006 Material2006 1
Sequence 0
Operation Overv.
Op... SOp Work Ce... Plnt Co... Standar... Description L... P... Cl... O... P... C... S... Base Qu
0010 2006 2006 PP01 1
0020 2007 2006 PP01 1
0030 2006 1
0040 2006 1
0050 2006 1
0060 2006 1
0070 2006 1
0080 2006 1
0090 2006 1
0100 2006 1
0110 2006 1
0120 2006 1
Entry 1 of 2
CA02 dev INS

Figure 260

Give the text and against machine std value give machine hours:200 and go back select 2nd work center and click on operations, give the std text and labor 300 hours used and go back and save the data. System gives the message having completed the routings for the material number as shown in the figure.

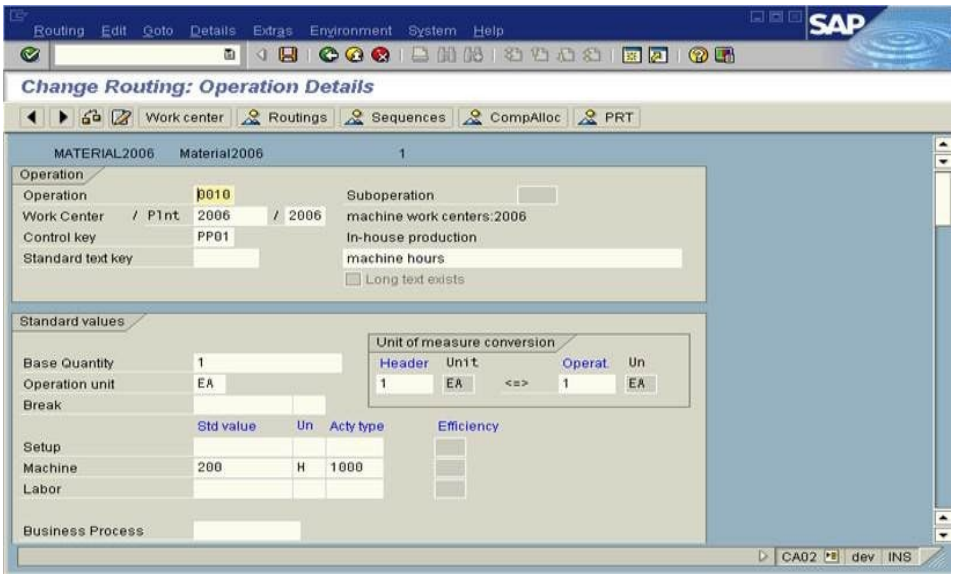

Routing Edit Goto Details Extras Environment System Help
SAP
Change Routing: Operation Details
Work center Routings Sequences CompAlloc PRT
MATERIAL2006 Material2006 1
Operation
Operation 0010 Suboperation
Work Center / Plnt 2006 / 2006 machine work centers:2006
Control key PP01 In-house production
Standard text key machine hours
Long text exists
Standard values
Unit of measure conversion
Base Quantity 1 Header Unit Operat. Un
Operation unit EA 1 EA <=> 1 EA
Break
Std value Un Acty type Efficiency
Setup
Machine 200 H 1000
Labor
Business Process
CA02 dev INS

Figure 261

Like the way 2nd work center also for the labor hours were created. Like the we can create the work centers through the manufacturing is processed through and the routings for each stage of production. The involvement of routings, and work centers, is so complicated in any manufacturing sector. In the definition of work centers, routings, we have to consider so many technical aspects also. Hence this part of configuration will be done by the exclusive experts in the module of production planning.

Now in the process of determination of product cost we have defined the material cost with the help of Material BOMs and process costs through the definition and setting up of configurations in work centers and routings. Now we can move over to the last part of product cost planning i.e. determination of over heads.

To determine the over heads of the product cost planning we have to define the costing sheets and other associated configurations as under

Define over head Key: path: spro-rimg-controlling-product cost controlling-product cost planning-basic settings for material costing- overhead-define overhead keys: TC: OKOG
Click on new entries button,
Give the over head key: 2006 and description of the over head key and save the data.

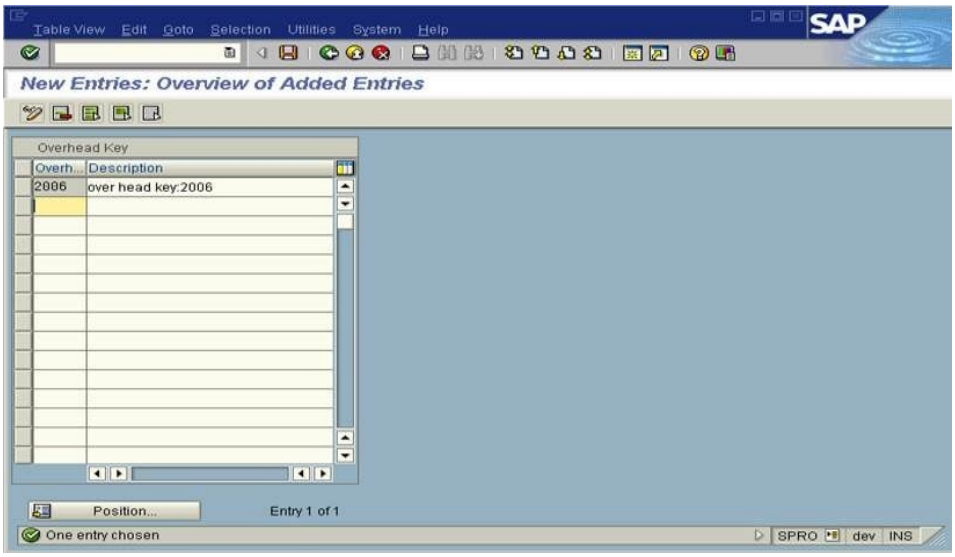


Figure 262

Define over head group: path is same as above : over head group contains overhead keys .

Click on new entries button

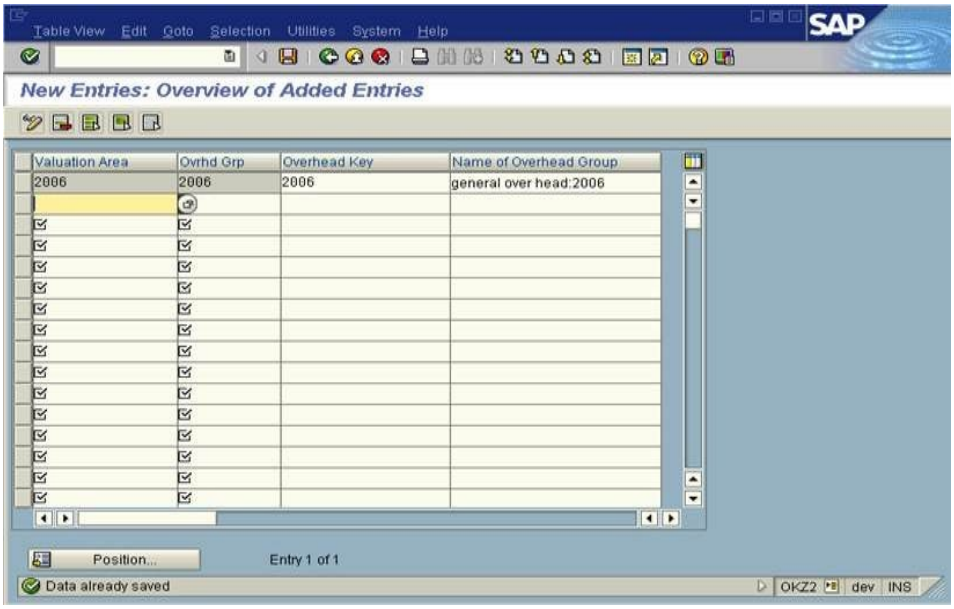


Figure 263

Give valuation area: 2006(plant) give overhead group: 2006 and overhead key: 2006 description of over head group. And save the data

Assign the over head group key to Material Master Record: MM02 change material

Give the material number: finished good

category: FG: 2006: Select views button and

press enter

Click on costing one tab button

Give the overhead group key: 2006 and save the data.

Define the secondary cost element: TC: KA06: with category:41 cost element: 800000 for over head rates.

Define costing sheets:

Path is same as above (as the path of overhead key and group):

In the costing sheets we define the rates of overhead and their base values on which the overhead rates are to be applied.

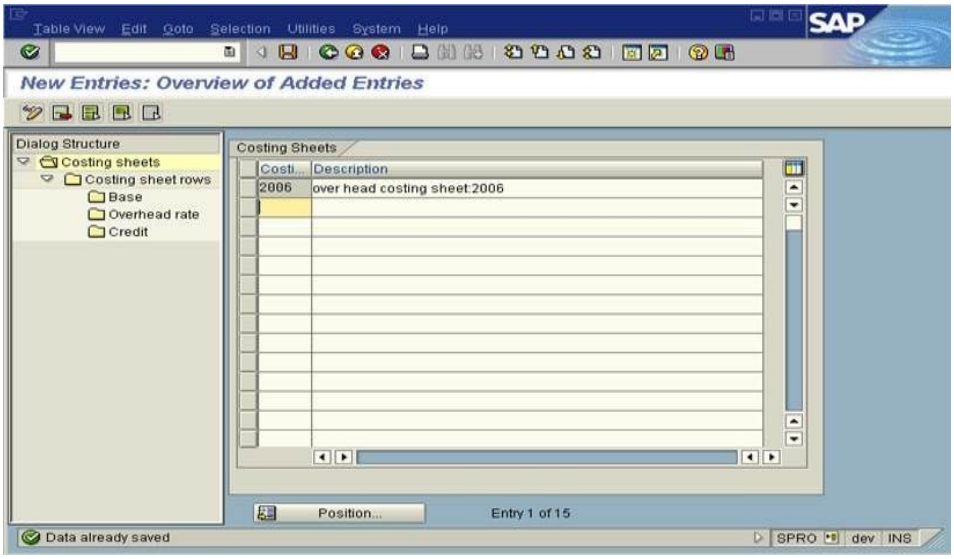


Figure 264

Give the 4 characters key and description and save the data.

Select the costing sheet and double click on costing sheet

rows button Click on new entries button

Give the row number 10(only logic of incorporating any changes later to this costing sheet)

Give the Base: B000<press enter>

Select the row 10 and click on base column (dialogue

structure box) Give the controlling area and continue

Give the cost element which constitutes as raw material costs: (GBB>VBR) 416000 to 416000

Save the data. (Raw material cost will be determined) come back twice.

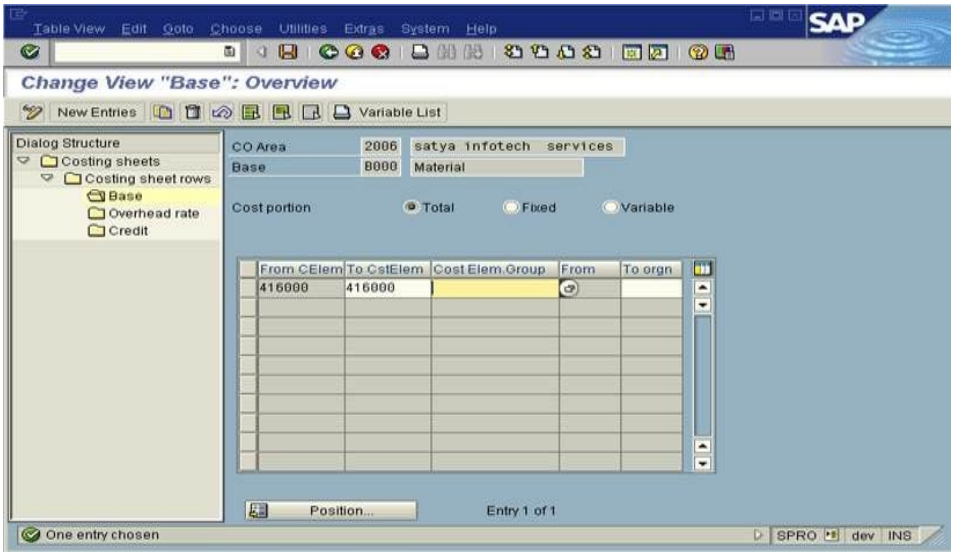


Figure 265

Click on new entries button

Give row 20 and over head rate A200 (manufacturing overheads enter and save

Select the row 20

Click on over head rate

button Click on new

entries button Give

validity period;

Controlling area :2006

Over head type 01 actual overhead 02 planning over head Give the percentage to be calculated 25 and save the data Click on credits button; give controlling area: 2006

Give validity period

Fixed overhead % and cost center and save the data

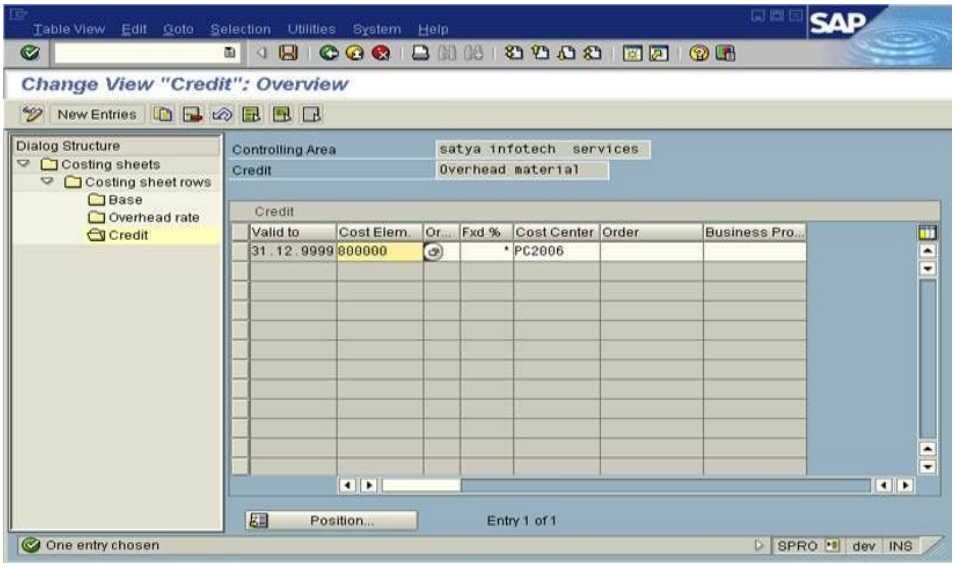


Figure 266

Click on new entries button

Give row 30 and over head rate A300 administration overheads enter and save

Select the row 30 click on overhead

rate button Give the validity period:

Controlling area: 2006

Over head type1 and 2 and give the

percentages. Select again the row 30

click on credit button

Give the validity period and %fixed exp and cost center and save and come back twice

And click on new entries button

Give row 40(only for total purposes) description Cost of production, and save the data

Again select the new entries

button Give row 50

Over head rate A300 sales and distribution

over heads Enter and save.

Select the row 50

Click on over head rate button

Give validity period controlling area and over head types (both plan and actual) give percentages and save the date

Select the row 50 click on credits button,

Give the validity period button, % fixed costs and cost center and save the data. Come back twice

Click on new entries button, give row 60 cost of goods sold (total purpose only0 and save the costing sheet)

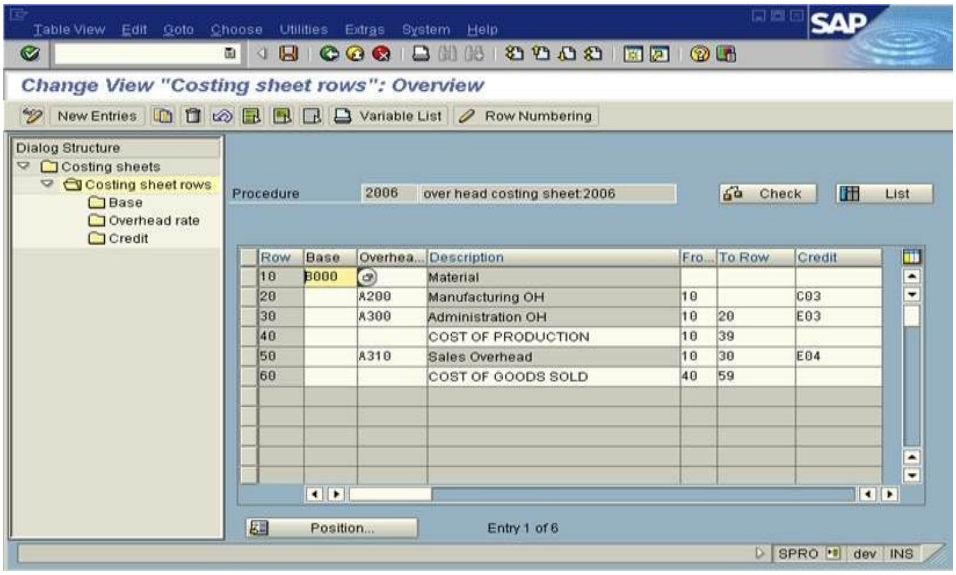


Figure 267

We have to define one costing sheet per controlling area;

Assign costing sheet to costing variant:
Path: spro-rimg-controlling-product cost controlling-product cost planning-material cost with quantity structure-define costing variant: TC: OKKN
Costing variants are used to link between the applications and configurations of the product cost planning. It contains different costing types, valuation types.

Click on position button;

Give PPC1 (standard cost estimation with mat)

Double click on ppc1

Click on valuation

variant Click on

overhead tab page

Specify the costing sheet variant i.e. 2006 from the

selection list Save the data

Define cost component structures:
Path: controlling-proudct cost controlling-product cost planning-basic settings for material costing-define cost component structures; TC: OKTZ

Select 01 product costing

Double click on assignment components-

cost elements Click on new entries button

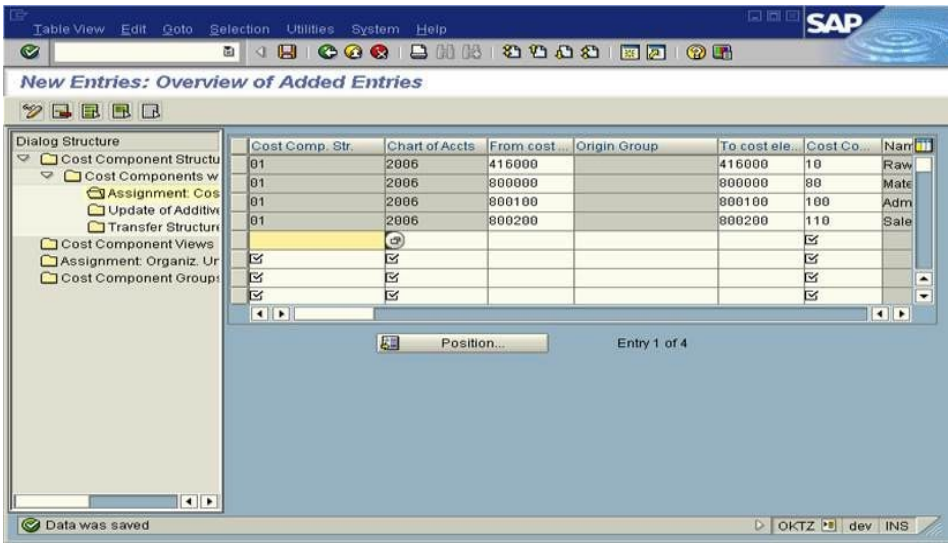


Figure 268

Give cost comp.string:01 chart of accounts:2006 from cost: 416000 t 416000(raw material cost) and give the other cost elements and save the data as appear in the screen.

Cost estimate with quantity structure: path: accounting-controlling-product cost controlling-product cost planning-material costing-cost estimate with quantity structure CK11N create:

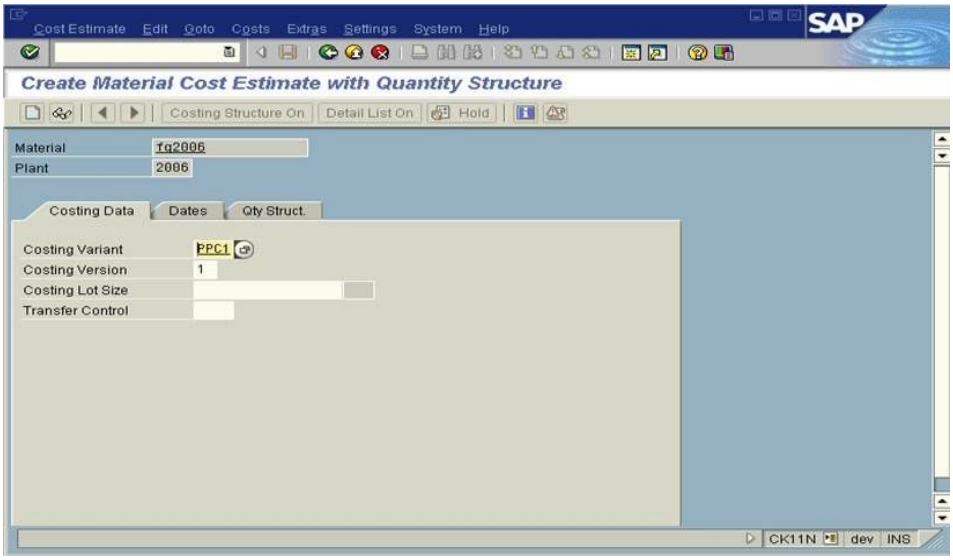


Figure 269

Give the material number:
FG2006 Plant: 2006
Costing variant: ppc1 and costing
version1 Press enter and save the
data
System shows the value of standard costs if the configurations are correct. Price Updation: path is same as above: Price update CXK24
Give company code:
2006 Give plant: 2006
Give material: FG: 2006
Click on Marking allowance Button; system gives list of company codes Select company code: 2006 specify the cost variant: ppc1 costing version1 Go back and deselect the test run button and execute button.

Cost estimate without quantity structures: accounting-controlling- product cost controlling- product cost planning-material costing-cost estimate without quantity structure; KKPAN create

Give item category

Give material number: material2006

Give plant and purchasing
organization: 2006 Give quantity and

unit of measurement <enter> Save the data.

CHAPTER 12

Profitability Analysis

PROFITABILITY ANALYSIS:

This is one of the important components of SAP to know the profitability of various segments or an organization. This is coined as COPA or PA with in sap. This will enable to report the performance in different angels and view points. The Main purpose of this tool in the hands management is to know the profitability of various market segments and also we can project the future profitability of various market379379 segments. In this sub module COPA, use many characteristic values to know the profitability. The characteristic values are well below the gross margin levels ie.products, customers, customer groups, sales area, region, divisions, and industry also.

To take up the Profitability Analysis, we have to define the Operating Concern. This is the highest organizational unit, where structured sales market is analyzed, and proper reporting system can be evolved as a dynamic tool .Operating Concern is the highest point where the organizational data was reengineered in such a way to useful for easy decision making. To under take this, we have to make configuration settings, to capture the data from various sub modules of SAP to COPA. Hence, to represent the values in COPA, system uses two different approaches. **1. Costing based profitability and 2. Account based profitability.** An Operating Concern can use the above two independent approaches to capture and hold the data or can be used simultaneously also. However, the final result of the two approaches is one and the same. Hence management can take any method to view their profitability of an organization. To take up the Profitability Analysis with either of the approaches; we use different Characteristic values and Values fields. Characteristic values represents organizational internal or external units like, customer, customer group, products, divisions, regions, sales areas, profit centers, company code. The characteristic values are defaulted by sap. However, we can define the required characteristic values if required for the project. Value fields, represents, sale revenue, sale deduction, cost of goods sold, and also

quantity details. We can say the value f

ields means the group of accounts or cost elements. The profitability analysis tree will be build basing the characteristic fields and value fields only

The main difference between two approaches is how the data storage mechanism involves, like values and quantities. In Costing based COPA the values and quantities are stored in value fields. Where as in account based COPA values are updates in accounts.

Generally the data for the Costing based COPA, captured from the Sales documents directly, whenever posted in FI and other modules. Normally I costing based approach the data is captured from the billing documents (SD modules).if you understand the flow of SD documents it is easier to understand the COPA updating. The document flow is as under (refer the integration chapter for details)

1. Sales order: no document is created at this point
2. Delivery of goods: in this activity, the system creates the accounting document as Cost of goods sold ac will be debited and credited to finished goods inventory ac.
3. Bill of documents: in this activity the system creates the accounting document as under Accounts receivable will be updated (customer account updating)

   Discounts and freights also updated And credited to sales revenue account.

When you are following the costing based COPA, data flow to COPA will be done with the Billing of Document. Once the Billing is made automatically system updates, the information in COGS, discounts, freights, and revenues automatically.

In Account Based COPA, the data flow will be taken with the postings to respective accounts. In sales flow the account posting will be done at the time Delivery of goods. Hence the accounts will be updated automatically in COPA also in this activity. COGS will be updated with the goods issue. And the remaining updating will be done with the billing of documents. The account based COPA updating area as under

Sales order: no updating in any account

Delivery of Goods: since the accounting entry is raised here, system raises the COPA updating in respect of Cost of Goods Sold.

Billing of Document: basing on the accounting entry the sales revenue, sale deductions, freight, and other related updating will be done in COPA also.

Hence the COPA updating are in tuned with the SD document flow or equal to FI documents. Hence we can reconcile account based COPA with FI easily. Consequently, the value updating are different in approaches. If you compare the result analysis between these two approaches, sometimes, there will be a difference due to update time differences only.

Time updates in COPA (source*David Nowak)

Cost element	Costing based	Account based
Sale revenue	Billing of document	Bill of document
Sale discounts	Billing of document	Billing of document
Fright	Billing of document	Billing of document
Cost of goods sold	Billing of document	Goods issue (delivery of goods)

With the help of characteristic fields and value fields, we have to create data structures, for the profitability segment. To create the data structures, we have to predefine the Operating Concern.

Maintain Operating Concern:

Operating concern is the Central tenet of COPA. Hence we have to set up the characteristic fields, and values fields for reporting system. We have to predefine these elements, as per the reporting requirement. Once defined the characteristic fields, and value fields, it is very difficult to remove from the report format. Hence we precisely select the required fields. It is advised to structure with simple characteristic and value fields, and latter on go for enhancements if required. Operating concern is client independent. Hence we have to generate this operating concern in our client to capture the data from this client.

Path: spro-rimg-profitability analysis-structures-define operating concern-maintain operating concern: TC: KEA0

Give the operating concern name: 2006(maximum four

character name) Press <enter>

System asks to create new operating concern press<yes>

Give the description of the operating concern: 2006 operating concern and save the data

Click on attributes button:

Give the operating currency: INR:

We can give any currency in which you want the COPA reporting. The operating currency is the currency for copa currency. If you mention any other than controlling area currency automatic exchange translation will be done and posted to the COPA. COPA stores the values in

only one currency.

We can change the operating concern currency as long as no data was posted to COPA. Once the data is posted data inconsistency will occur. (Example:

posted in inr 1000 will be treated; if you change the currency of operating concern currency to usd. The posted inr will be treated as 1000usd.) What ever may be currency for the actual data, but plan data always posted in version currency only.,

Company code currency:
If you select the check box the transactions are simultaneously stored in company code currency and comparison with fi can be made easily. we can activate this currency at any point of time.

We can set the above two currencies either for legal valuation purposes and also profit center evaluation purposes only.

Fiscal year:
Give the fiscal year variant same as the controlling area. Once the fiscal year is given it is not possible to change during the year. It should be always same the company code, and controlling area only.

Second period type (weeks):
If you select this check box system maintain the data in the second period type i.e. weekly basis for both actual and plan data. it makes the data base volume in high and makes the slower response for information

System. This type of provision is available in costing based profitability analysis only.(see the screen)

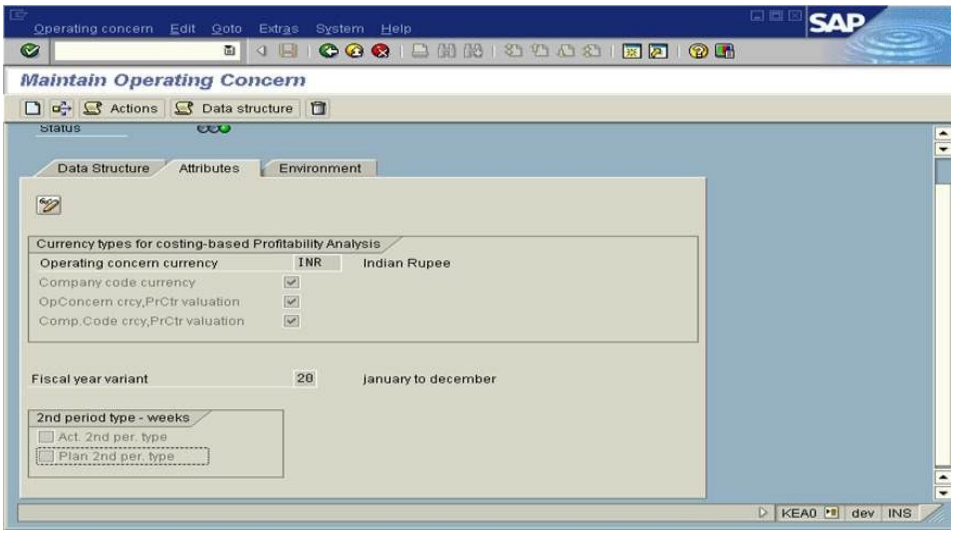


Figure 270

382

We have created the attributes for the Operating Concern, now we have to create data structures,(by click on data structures tab page)

Note: data structure definition controls the characteristic fields and values fields required for the reporting purposes.

Click on data structures< create button>

System shows the characteristic value table(with all the characteristics for reporting purpose) we can select the required characteristics like Region (i.e. means region wise in a country)

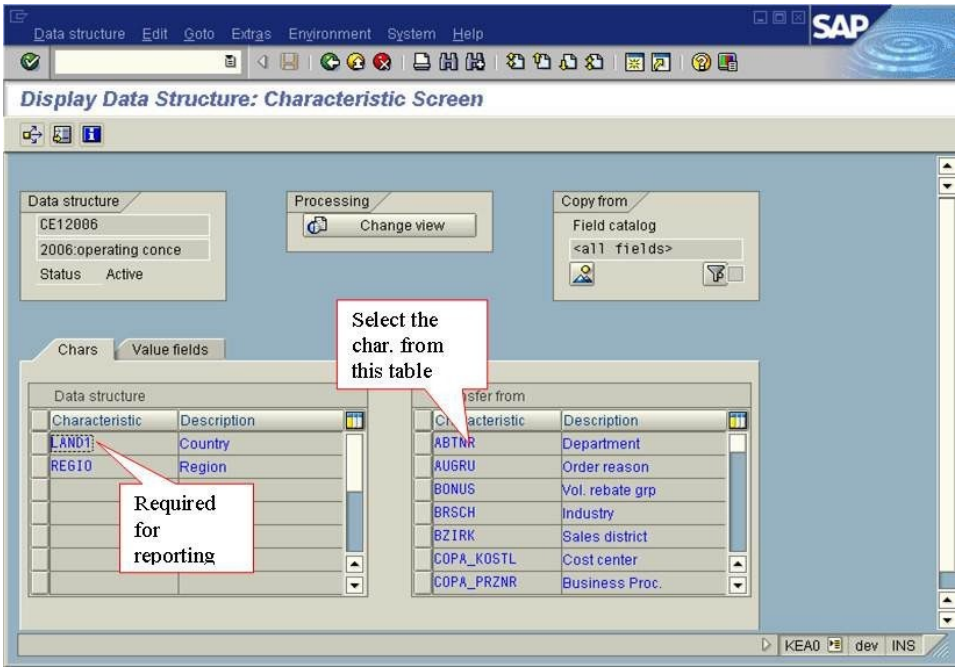


Figure 271

SAP has already defaulted so many characteristic fields these are called fixed characteristic fields, however we can create our own characteristic fields if necessitated by the implementation project. The user defined characteristic values should always with WW and follow the code for characteristics.

To create the value fields click on value fields tab page

Value fields are nothing but currency and quantity fields in which respective data stored in particular operating concern.

Select the required value fields for reporting purpose

from the table and place them in the adjacent table.

We can create our own value fields also if required by the project. The use defined value fields should be always begins with vv and follow the code number. The screen will appear like this.

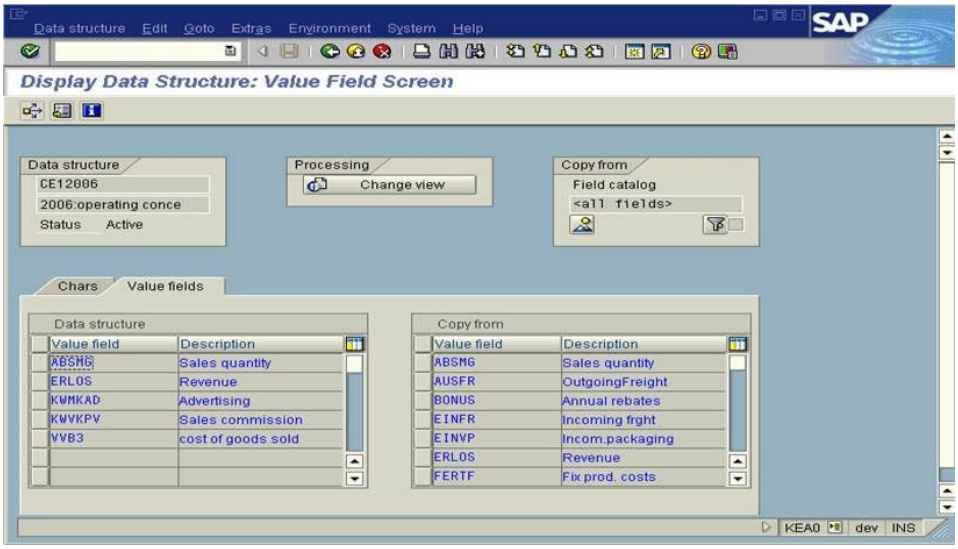


Figure 272

Now the data structure for the operating concern is ready with the following characteristic fields and values fields.

Characteristic fields	**value fields.**
Country	**sales quantity, revenue, advt exp**
Region	**sales commission cost of goods sold.**

Like the way we can create data structures for the project requirement.

Now we have created the structure what we want for our requirement. However, it can not be activated in our operating concern. Before going for activation we must check for error by selecting the check option.

Click on activate button, and go back

System ask to generate the operating concern press <yes>

In the status column Green color will be displayed means; the operating concern was created and posts the data for the reporting requirement for this operating concern in this client

Set operating concern: path is same: KEBD

Give the operating concern: 2006
Select the either of the COPA type: ours is Costing based COPA.

And continue

We can use sample operating concerns and install into our project if required. Path: same as above: sample operating concerns:

Assign controlling area to operating concern:

Path: spro-img-enterprise structure-assignment-controlling-assign controlling area to operating concern

Click on position

button Give

controlling area: 2006

Give operating

concern: 2006 Save

the data.

Maintain characteristic groups: these characteristic groups are useful for assigning the values to profitability segments. The groups contain, the characteristic fields, which can be allowed for the business transactions.

Path: controlling-profitability analysis-flow of actual values-initial steps-characteristic groups-maintain chrematistic groups-KEPA.

Select new entries button,

Give 4 character name code: pa20: characteristic group for copa: 2006

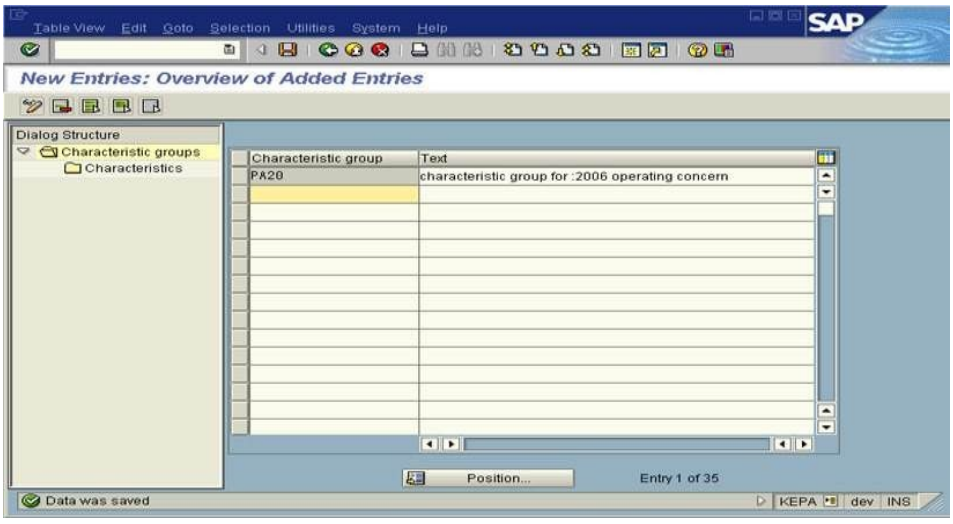


Figure 273a

Double click on the characteristic button

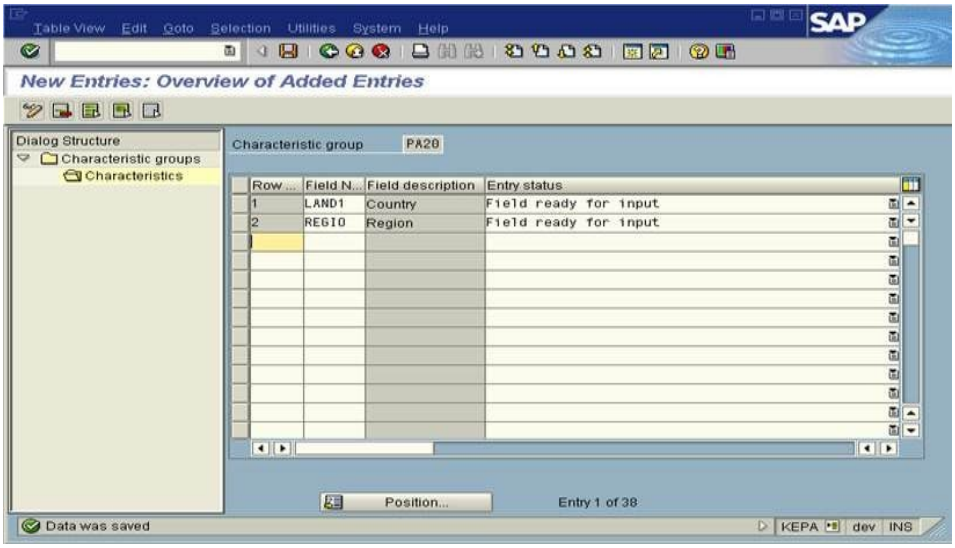


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Dialog Structure
Characteristic groups
Characteristics
Characteristic group PA20
Row ... Field N... Field description Entry status
1 LAND1 Country Field ready for input
2 REGIO Region Field ready for input
Position...
Entry 1 of 38
Data was saved
KEPA dev INS

Figure 273

Give the row number 1give the field number: land1(f4 for help) and row 2 region region<press enter> save.

The screen will look like as above.

Assignment of characteristic groups for assignment screens: path is same above: TC: KE4G

Click on new entries button

Give the business transaction: RFBU: fi postings: group name: pa20<enter> and save the data

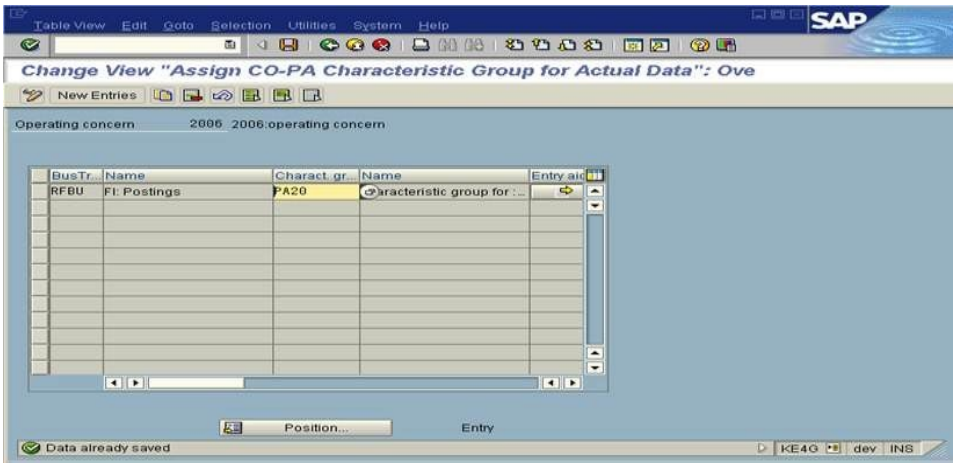


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Assign CO-PA Characteristic Group for Actual Data": Ove
New Entries
Operating concern 2006 2006 operating concern
BusTr... Name Charact. gr... Name Entry ald
RFBU FI: Postings PA20 aracteristic group for :...
Position...
Entry
Data already saved
KE4G dev INS

Figure 274

Again to maintain characteristic group option:
Select the group :pa20: double click on characteristic option click on new entries button,
Give field name: BURKS and as required entry <enter> and save the data.

Assign characteristic screens for line items screens: path is same KEVG2

Click on new entries button,

Give record type B: direct posting from FI give group

name: pa20 Give record type F: Billing group name:

pa20

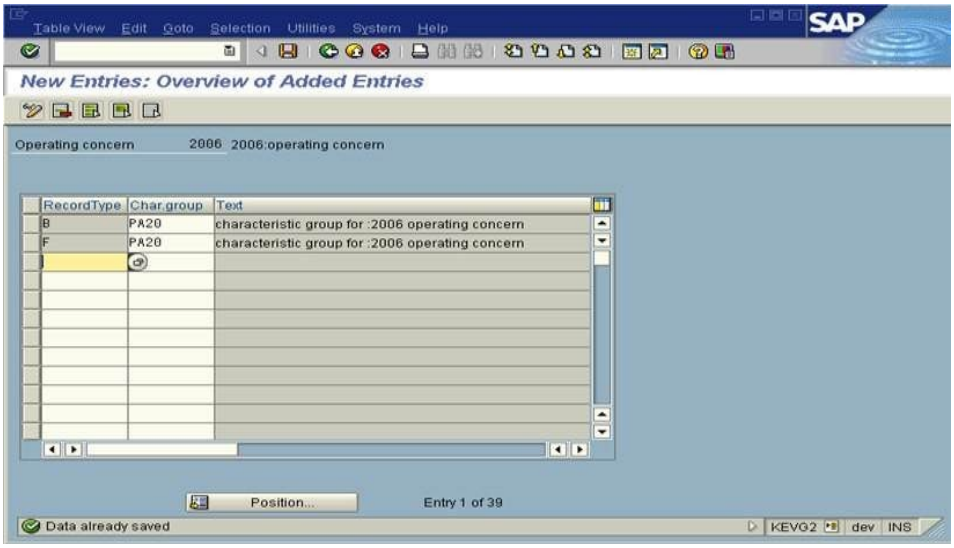


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Operating concern 2006 2006:operating concern
RecordType Char.group Text
B PA20 characteristic group for :2006 operating concern
F PA20 characteristic group for :2006 operating concern
Position...
Entry 1 of 39
Data already saved
KEVG2 dev INS

Figure 275

Like the way we can define the value field groups and assign the value filed groups to line item screens also.
Path is same as above.

Define number ranges for Actual data postings in pa: Path is same: TC: KEN1
Ensure the number ranges are assigned to the groups: in operating concern. And save the data.

How the values updates in COPA without GL Account.
Generally in COPA we have discussed about either the cost elements or general ledger accounts. However, the information is posted any of the modules through the cost elements only. But how the values updates in COPA. For

this purpose we have to map the SD Condition types to value

fields or we can make settings for SD interface with the COPA. In SD module all the revenue and related cost elements are linked to condition types. We have to map these condition types to Value fields in COPA. Example ERLOS: condition type for Sale revenue is to be mapped to Sale revenue value fields in COPA. We have to map not only the value fields but quantity fields also.

Assign Value Fields:
Path: controlling-profitability analysis-flow of actual values-transfer of billing documents-assign value fields TC: KE41

Double click on Maintain Assignment of SD Conditions to CO-PA Value Fields

Click on new items button,

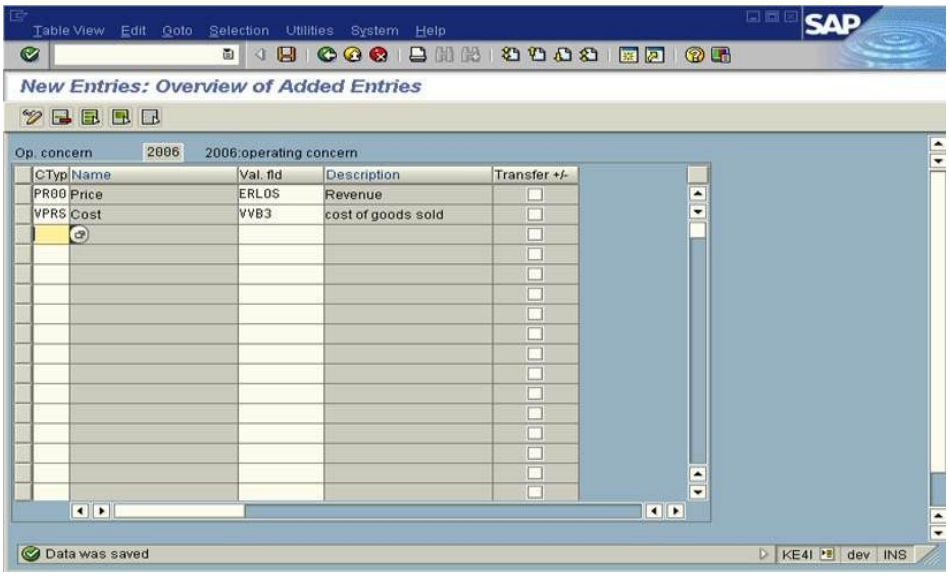


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Op. concern 2006 2006:operating concern
CTyp Name Val. fld Description Transfer +/-
PR00 Price ERLOS Revenue
VPRS Cost VVB3 cost of goods sold
Data was saved
KE4I dev INS

Figure 276

Assign quantity fields: path is same: TC:KE4MI

We can assign the sd quantity to copa quantity field also.

Maintain PA Transfer Structure for Direct Postings:
Path: controlling-profitability analysis-flows of actual values-direct postings from FI/MM-Maintain PA transfer structure for direct postings TC: KE12

Select structure FI: Financial accounting>COPA Double click on assignment lines

388

Select assignment line 10 direct costs

from FI Click on source button

Give cost element: 400000 to

499999 Click on value fields'

option

Give the either value field/quantity field option

And give the value field as: KWVKPV: sales commission, enter and save the data

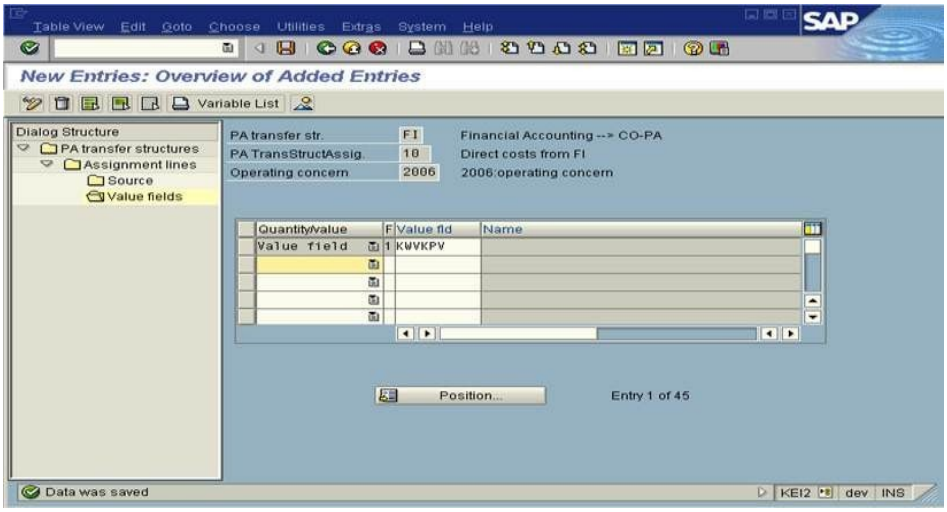


Figure 277a

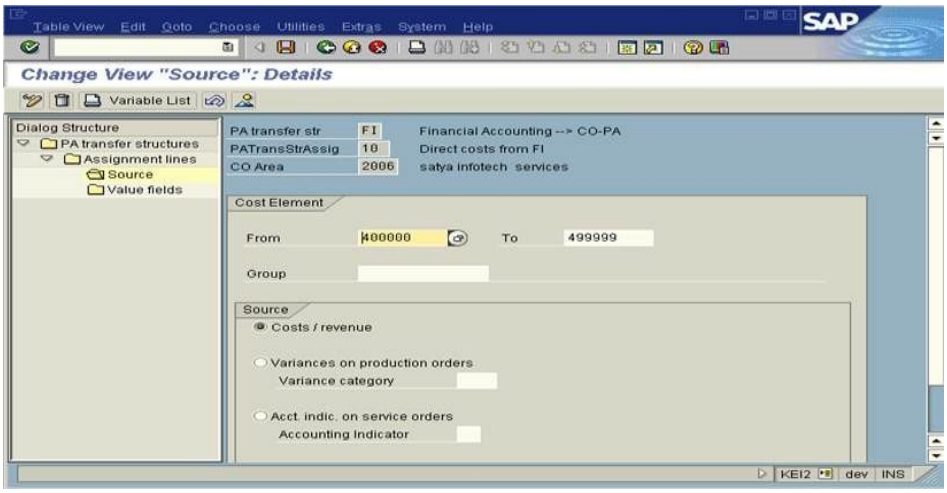


Figure 277b

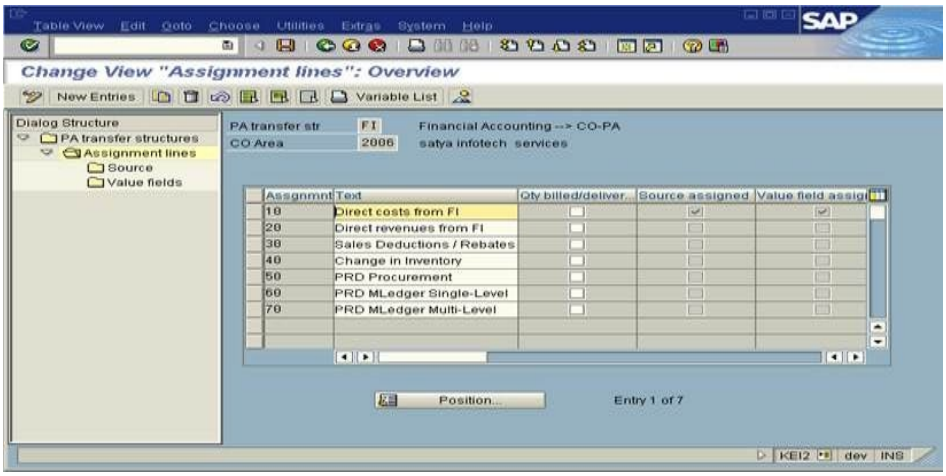


Figure 277c

Again select assignment 20 direct revenues from FI:

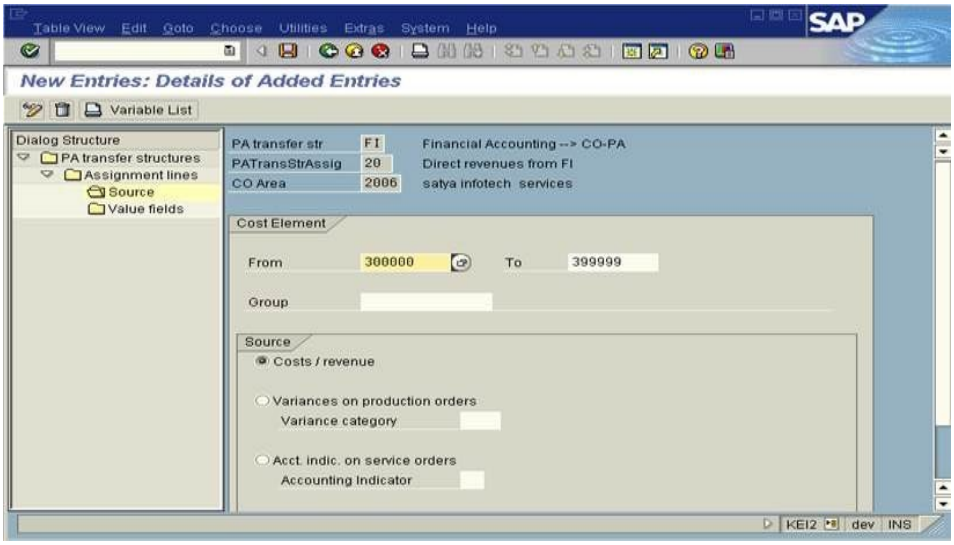


Figure 278

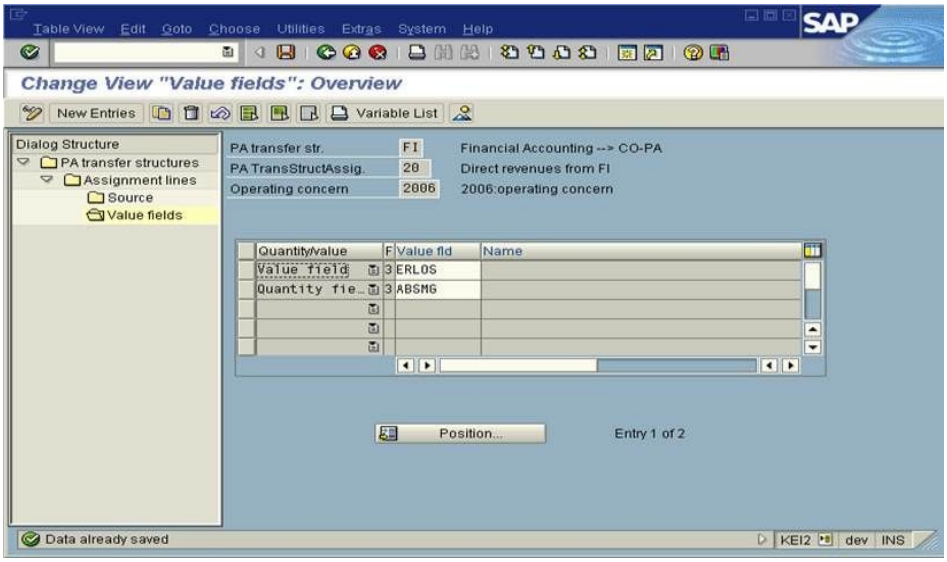


Figure 279

Define structure of cost center assessment/process cost assessment: Path: controlling-profitability analysis-flow of actual data-transfer of overhead-assess cost center costs-process costs-define structure of cost center assessment/process cost assessment. TC: KEU1

Double click on create actual

assessment; Give the cycle name:

pa2006

Give start date:

010106 Press enter

Give the text of the cycle:

Give controlling area: 2006

Give TF basis: 1: costing based profitability analysis:

Click on attach segment

button Give fixed value

field KWMKAD

Give variable value filed

KWMKAD Allocation

structure:13

Under sender values: posted

amounts:100% Receivers tracing factory rule: fixed amounts Click on sender/receiver button

Give cost center 4100(advertisement)

Cost element:423000 advertisement

cost element Give the receiver country

IN

Give the receiver Region: AP TO MH

Click on receiving tracing factor: and give the

percentages: Save the cycle:

Define the Allocation structure: 13: path is same as above

Select 13 allocation structures:

Click on assignments

button, Select 001

assignment

Click on assessment cost element button

Click on new entries button: give assessment cost

element (42 cat) Click on settlement cost element

button

Click on new entries button

Give receiver category: psg and settlement cost

element: (cate21) Save the data

Activate Profitability Analysis: path; controlling-profitability analysis-flows of actual values-activate profitability analysis: KEKE

Click on position

button, Give

controlling area: 2006

Fiscal year 2006

Give the activation status: 4 activated for both types of profitability analysis.

Define profitability analysis report:

Path spro-img-controlling-profitability analysis-information system-create profitability report: TC: KE31

Double click on create profitability report

Give report name: z2006: description: profitability report: 2006 Select basic report button

Select create button

Select operating concern currency

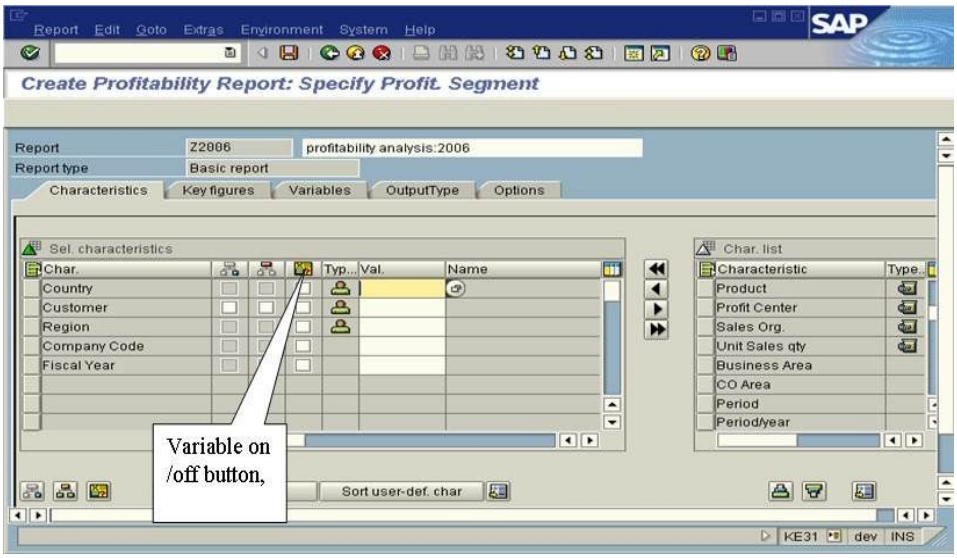


Figure 280

Select the characteristic fields from the list and click on left indicator button(appear like above screen)

Select the variable check box

And give the country button,(local)

And select the customer variable check box: and give the customer(local variable)

Give the company code:2006 and fiscal

year :2006 And click on key figures button

Select all the fields appear in the right screen,

And select left arrow button and place all the selected

fields in right column Click on variables button

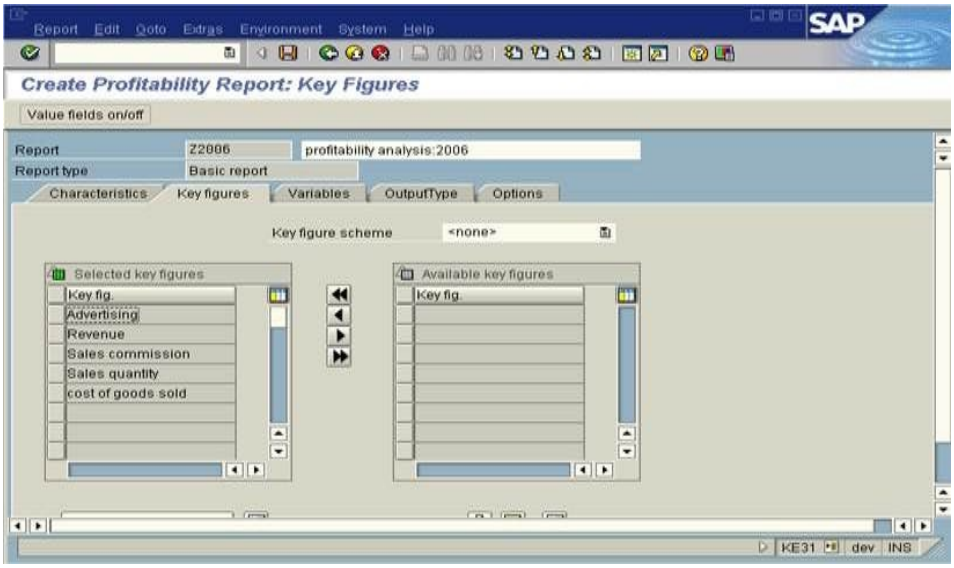


Figure 281a

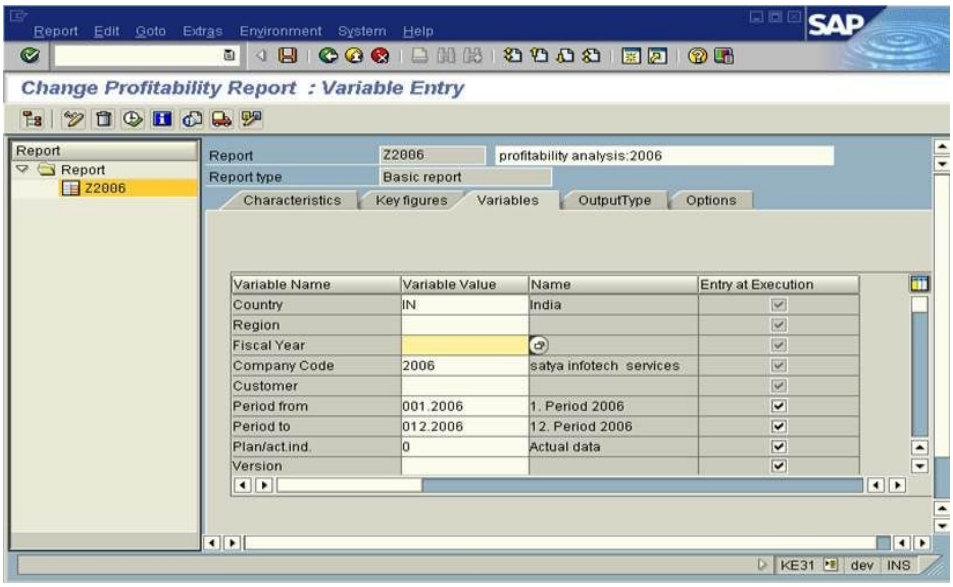


Figure 281b

Give the variable name (if missed in the definition of characteristic values) And save the data.

Define customer master record in XD 01 3 customers for 3 regions.

CHAPTER 13

Profit Center Accountin

PROFIT CENTER ACCOUNTING.

Profit center accounting is generally is not the regular core component of controlling. It is a part of Enterprise Controlling. The main purpose of Profit center accounting is providing the opportunity to analyze and report to the management regarding internal profitability of sub units. Hence it is called a company code with in a company code. It can capture the financial statements as well as Return on investment also within a company code level. It is called as management tool to analyze the performance of particular organizational unit and compare the variances for taking a strategic decision.

This part of application component is same as the cost center configurations. Here we can plan the profit centers, and compare the data with actual data. The difference between the cost center accounting and profit center accounting, the former one deals with the costs only and the later one deals costs as well as revenues as well. Profit center reporting can be considered as legal valuation also. The sum of all the profit centers reports can be construed as company code legal valuation.

The profit center accounting is a similar functionality of Special purpose ledger. It can be considered as predefined special purposed ledger tool. Before going into the details of Profit Center Accounting, we must set some basic setting requirements.

Set controlling Area: path: controlling-profit center accounting-basic settings-set controlling area: TC: okks.

Give the controlling

area: 2006 Save the

data

Maintain controlling area settings:

Path: controlling-profit center accounting-basic settings-controlling area settings-maintain controlling area settings: TC: OKE5

1. Standard hierarchy: the name we have to give like in the cost center accounting. It is useful for reporting

purpose.

2. Elimination of internal business volumes: select this check box to eliminate the business volumes assigned to one or more controlling objects. The transaction among the controlling objects will be eliminated for the purpose of profit center accounting.

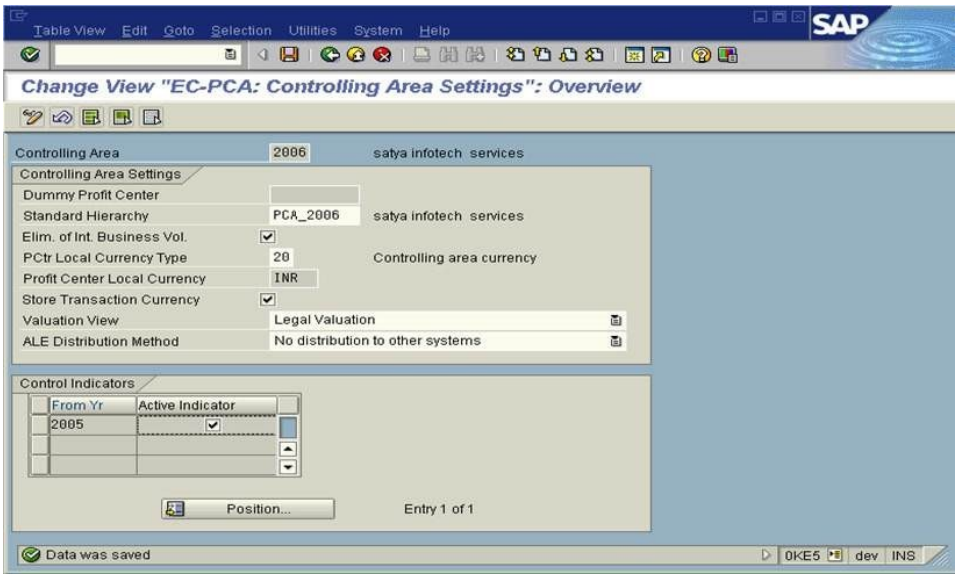


Table View Edit Goto Selection Utilities System Help
SAP
Change View "EC-PCA: Controlling Area Settings": Overview
Controlling Area 2006 satya infotech services
Controlling Area Settings
Dummy Profit Center
Standard Hierarchy PCA_2006 satya infotech services
Elim. of Int. Business Vol.
PCtr Local Currency Type 20 Controlling area currency
Profit Center Local Currency INR
Store Transaction Currency
Valuation View Legal Valuation
ALE Distribution Method No distribution to other systems
Control Indicators
From Yr Active Indicator
2005
Position... Entry 1 of 1
Data was saved
0KE5 dev INS

Figure 282

3. Give the profit center currency type: as you require from the selection list. If the currency type is as controlling area currency uses the currency of controlling area currency as the profit center currency. Other wise select the group currency as the profit center currency or any other currency as profit center currency.
4. Selection of the check box store transaction currency the system stores the currency values in transaction currency also.
5. Valuation view: this setting will give an understanding that the usage of profit center accounting with in a company code level.
6. Activate the profit center accounting from the fiscal you want. Default year is the controlling area fiscal year.

Save the data.

Define Dummy profit center: Dummy Profit center take care of the postings from other components, if the profit centers are not assigned properly or missing out.

Path: controlling-profit center accounting-master data-profit center-create dummy profit center: TC: KE59

Double click on create dummy profit center

Give the name of the dummy profit center: dummy_2006 and click on basic data option

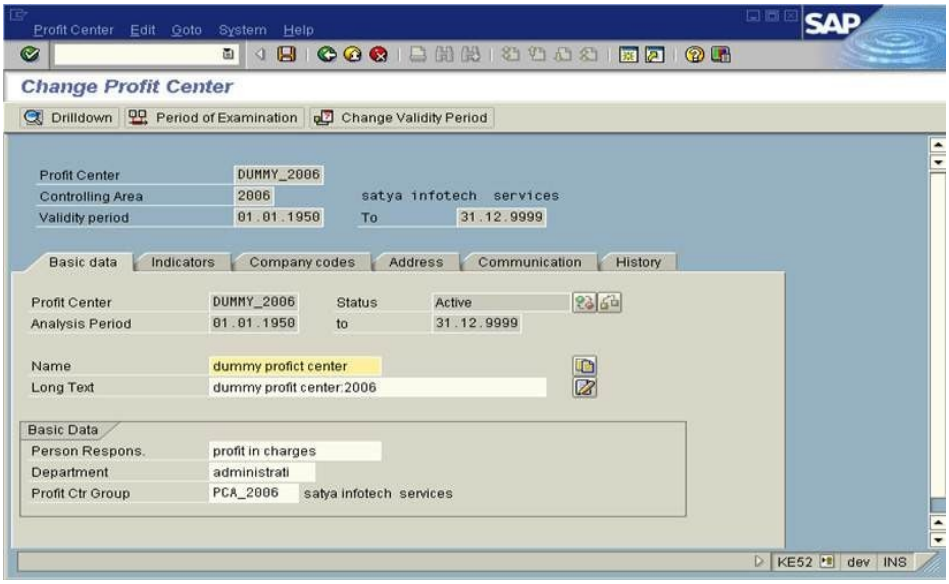


Figure 283

Gve the name of the dummy profit center:

Person responsible

name; Department

name:

And the profit center group: pca_2006(standard hierarchy)

By default the dummy profit center is activated , we can not deactivate the dummy profit center. Assignment of dummy profit center to company code will be done by default. Ensure it by clicking on company code tab page.

Validity period will defaulted by the system. We can change the default validity period by selecting the validity period option button on the application tool bar.

Set control parameters for actual data:

Spro-img-controlling-profit center accounting-basic settings-controlling area settings-activate direct postings-set control parameters for actual data: TC: 1KEF

Click on new entries button

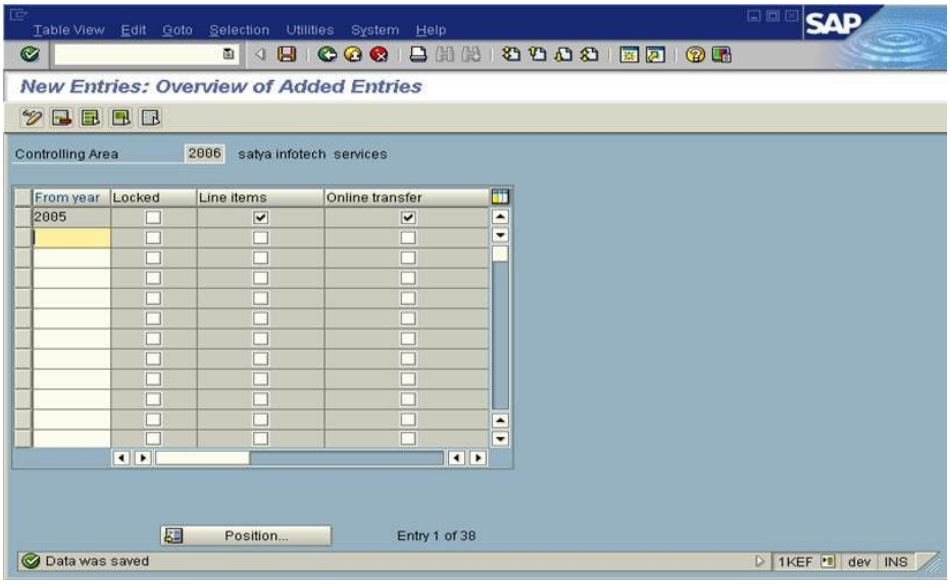


Table View Edit Goto Selection Utilities System Help
SAP
New Entries: Overview of Added Entries
Controlling Area 2006 satya infotech services
From year Locked Line items Online transfer
2005
Position...
Entry 1 of 38
Data was saved
1KEF dev INS

Figure 284

Give the fiscal year: it will indicate the Profit center is activated from the is fiscal year.

Locked: if you select the check box the pca is locked to post any information. Do not select this check box

Line items: this will enable to post the information in line item wise from the other application components. it is useful for better analysis. Hence advised to select this check box.

On line Transfer: this check box enables to post the information on line from the other components. Otherwise we have to post the same manually. Hence advised to select this check box. Manual posting requires lot of additional configurations.

Analyze Settings: This will enable the pca configurations are done properly.
Path: controlling-profit center accounting-basic settings-controlling area settings-analyze settings: 1KE1

It will display the settings made in profit center accounting. And display the errors with red band. We can change the settings from this screen by selecting the execute buttons.

Maintain plan versions: these versions are useful to post the plan data in profit center accounting:

400

Path: controlling-profit center accounting-basic settings-controlling area settings-activate direct postings-plan versions-maintain plan versions: TC: OKEQ

Select the 0 version

Double click on settings in profit center

accounting Click on entries button

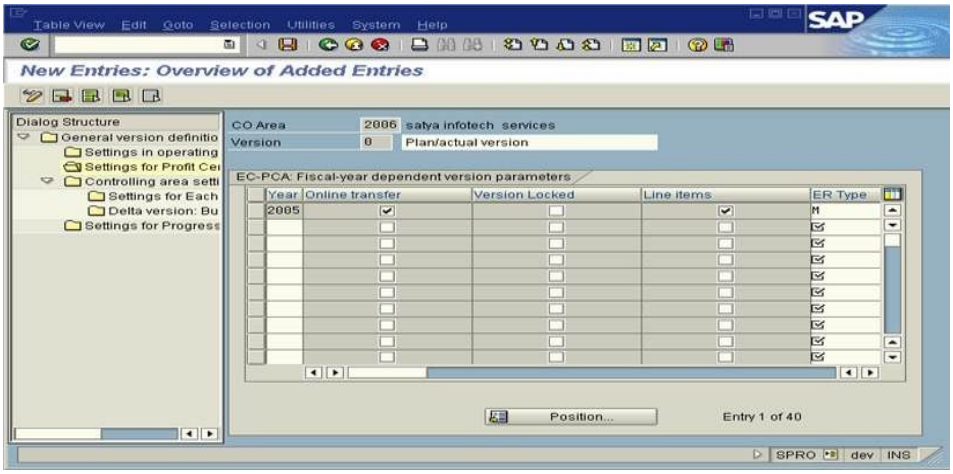
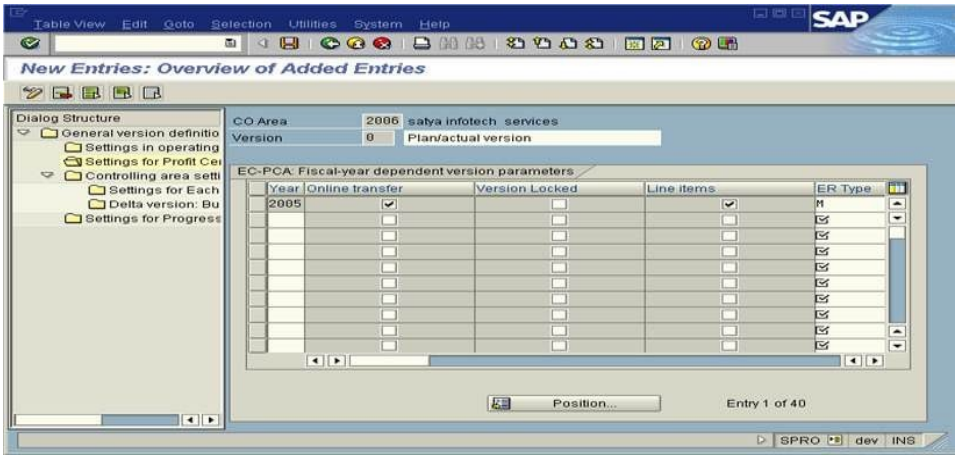


Figure 285a

Give the fiscal year: 2005 select the on line transfer check box. Line items check box and give the M rate type and save the data.

Create Profit center:
Controlling-profit center accounting-master data-maintain profit center-double click on maintain



profit center-KE51 create:

Figure 285b

Give the details as like as creation of dummy profit center: the difference in between dummy profit center and normal profit center is the former one is by default activated and the later one has to be activated manually. We can lock the general profit center but cannot lock the dummy profit center. We can create the profit centers as per the requirement of the project. We can copy the profit center groups and profit centers from cost center hierarchy. If the set up is similar in respect of the both.

Additional configurations:
We can activate or deactivate the profit centers as collective manner. We can create the profit center groups and assign the individual profit centers to the respective groups while creating the master data for profit centers.

We can define the representative material in profit center accounting. We have to assign all the materials to the representative materials, same type of materials are grouped as a representative material in profit center accounting (there by we can get the reposts by material group wise also)

Display of Profit Centers Master Indexes: reports for profit center accounting-special functions-KE5X profit center master data

Assignments of profit centers:
As you that, the information to profit center accounting is to be captured from other components. In general there is no information is posted to directly to profit center accounting. Hence the profit center accounting is called as a parasite. The profit center accounting derives the information from various sources indirectly. To do that effectively, we have to assign the profit centers to various application components as well as to other controlling objects. The assignment of profit center is key functionality within the profit center accounting. The authenticity or the accuracy of the profit center reports are dependent on the assignment task.

Assign profit center to Material Masters:
Path: controlling-profit center accounting-assignment to profit centers- material-assign material master: TC: MM02

Give the material number: 867,857, material 2006 and <enter> Select costing data 1: give the profit center: 1000 for all materials.

Perform fast assignments (MM17) generally the material master record volume is so high. Hence it is very difficult to assign the profit centers individually. Hence we have to take up the fast assignment method for collective processing.

Assign profit centers to cost centers: KS02;

Give the cost center :<
enter> Give the profit
center: 1000 And save
the data

Assign internal orders: KO02

Give the order number :< enter>
Give the profit center and save the
data. **Assign profit centers to**
fixed assets: AS02 Give the asset
number<enter>
Click on time dependent data
Give the cost center: and save the data.

Note: we can not assign the profit centers to fixed assets directly. It has to be assigned through other controlling object like cost centers, internal orders, maintenance orders like.

Assign profit centers to sales orders: VA02

Assignment of profit centers can be made directly to sales orders or finished goods material masters. Sometime the requirements are not properly met through this type of assignments, we can define the assignments with substitution rules.

Check Assignments: path is same as above: TC: 1KE4 (assignment monitor)

The assignment monitor helps to check whether the assignments are properly made or any missing objects there.

Go to menu item>assignment monitor>cost center>non

assigned cost centers Execute

List will be displayed; assigned cost centers and non assigned cost centers. Like the ways we have to verify the assignments.

Maintain document types for actual postings in profit center accounting: path: controlling-profit center accounting-actual postings-basic settings actual-

maintain document types TC: GCBX

The default document type for profit center accounting is: A0. You can use that document type. Other wise select new entries button and define you own document type with parameters required.

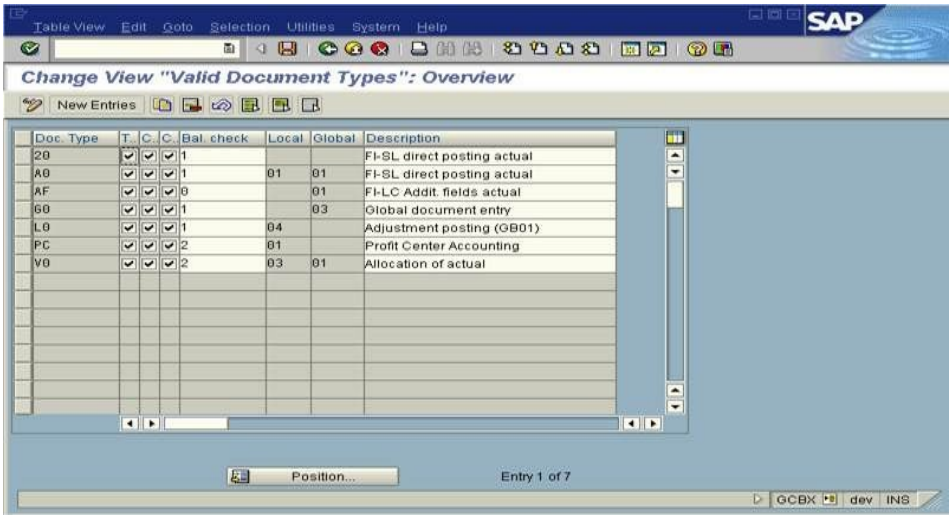


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Valid Document Types": Overview
New Entries
Doc. Type | T. | C. | C. | Bal. check | Local | Global | Description
20 | 1 | | FI-SL direct posting actual
A0 | 1 | 01 | 01 | FI-SL direct posting actual
AF | 0 | | 01 | FI-LC Addit. fields actual
G0 | 1 | | 03 | Global document entry
L0 | 1 | 04 | | Adjustment posting (GB01)
PC | 2 | 01 | | Profit Center Accounting
V0 | 2 | 03 | 01 | Allocation of actual
Position...
Entry 1 of 7
GCBX dev INS

Figure 286

Give the two character code for document type:20

Select store transaction currency check box: select 2 nd currencies i.e. company code currency select 3 rd currency is group currency.

Give the balance check:

Maintain the number ranges for the profit center documents: path is same as above

We can maintain the number ranges for the documents defined for the project. Click on groups button>insert> give the text and number intervals and save the data.

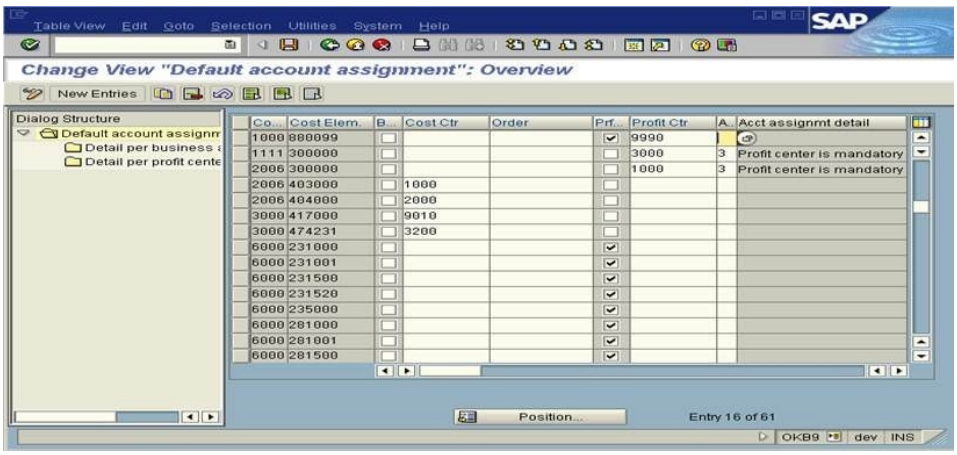


Figure 287

Maintain automatic assignments for revenue elements: path: controlling-profit center accounting-actual postings-maintain automatic assignments for revenue elements:

Click on new entries button

Give the company code and controlling objects along with the profit center and save the data.

With this we have assigned the profit centers to various controlling objects to capture the cost element information and direct assignment was made to revenue elements to capture the revenue at the profit center level. We can prepare the profit and loss statements for the profit center wise. However, to capture the balance sheet items we have to set configurations separately.

Balance sheet items are classified in two ways. One is the items directly transfer to profit center accounting through assignments like assets, wip, and other accounts. Another one is the items which can not be posted to profit center accounting directly, however, can be transferred at periodic intervals like accounts receivables and account payables.,

Choose accounts: path: controlling-profit center accounting-actual postings- choose additional balance sheet & PL accounts-choose accounts: 3KEH (in this option we select the accounts which can be transferred to pca at periodic intervals.)
click on new entries

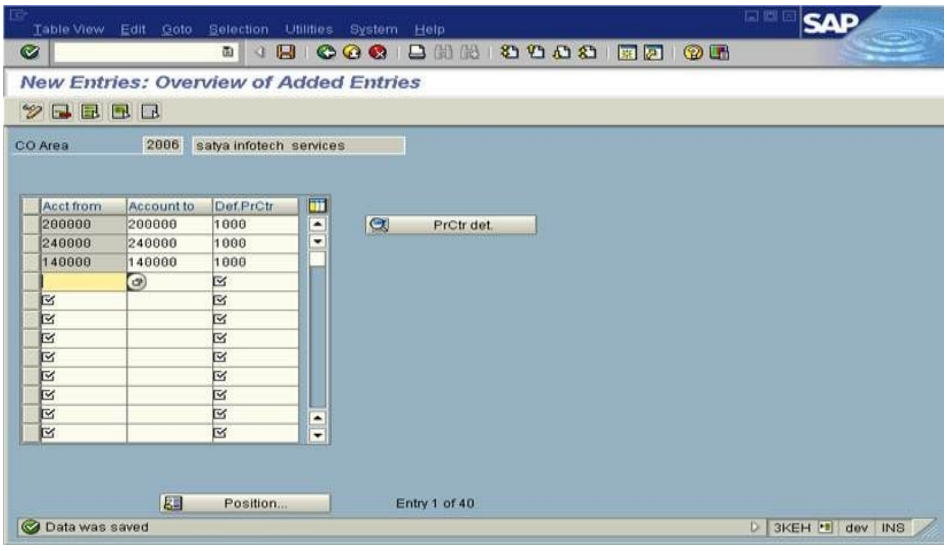


Figure 288

Define derivation rule for finding default profit center: path is same as above: TC: 3KEI.

Click on change>display
button Click on create
button
Give the step description: derivation
rule: 2006 Give the source field:
GSBER (business area) And save the
data.
Click on maintain rule button
Click on on/off button to give the account numbers ranges

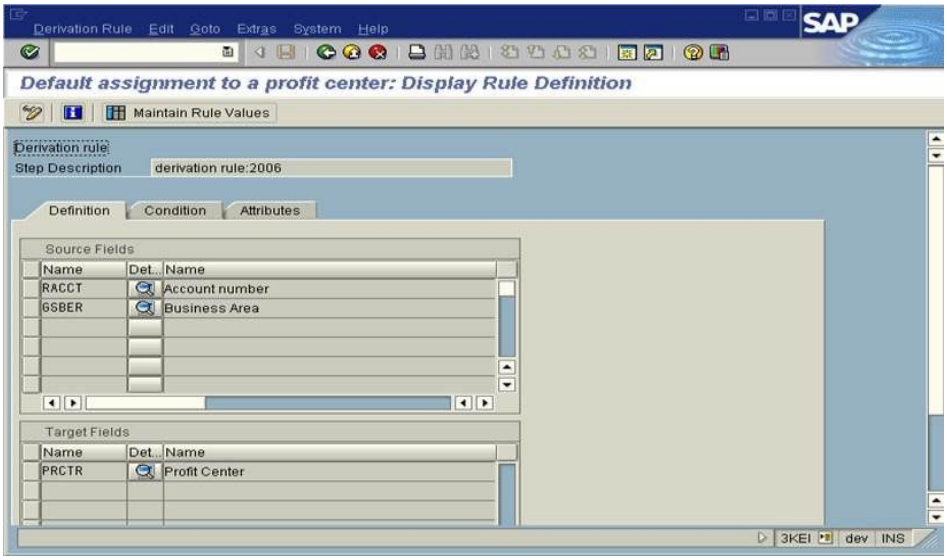


Figure 289a

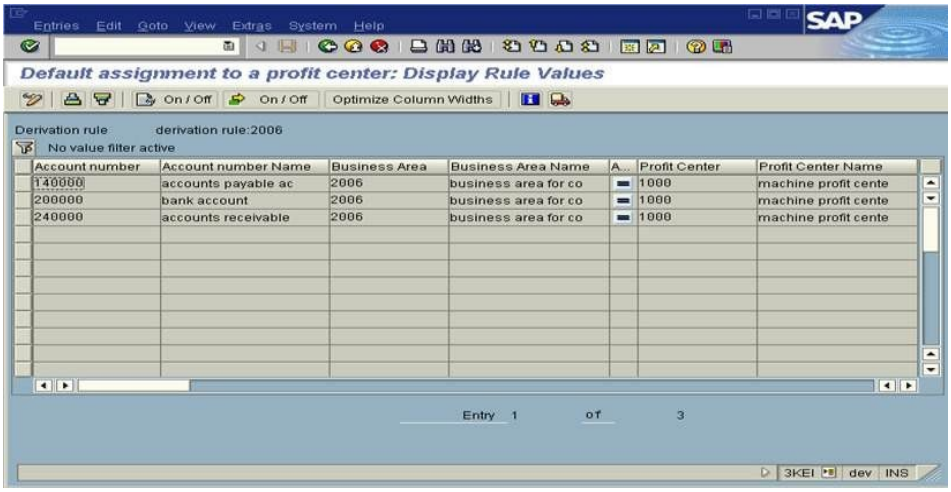


Figure 289b

Posting of document through sale orders: va01 Posting the outbound delivery document vl01n **Posting the billing document: vf01**

Post the invoice in F-22(direct accounting document) Post the incoming invoice inf-43

Post the expenses in f-02

Display profit centers: accounting-controlling-profit center accounting- information system-reports for profit center accounting-interactive reporting- s_alr_87013326

Period End Closing: Just like the concept of period end closing in cost center accounting, we can also perform the period end closing activities. We have to do the same configurations requirement of the cost center accounting.

We have to define the cycle for either for distribution method or assessment method.

Define the distribution method: accounting-controlling-profit center accounting-actual postings-period end closing-current settings: s_alr_87003866.

Double click on create distribution method: 4KEI

Give the cycle name: pca: 2006 and start period: 010106

Give the text: and in segment header give the sender rules and tracing factors

Click on sender*/receivers button give the all details and click on tracing factory tab and give the details and save the cycle.

Execution of Distribution of Cycle: same

path: TC: 4KE5 Give the period;

And deselect the test run and execute the cycle.

Planning of Profit Centers: We can do the planning of profit centers, and compare with the actual data. We have to set the planner profile for the profit center accounting.

Define the document type for planning in profit center

accounting:

Path: controlling-profit center accounting-planning-basic settings for planning-define document type for planning:

Default document for planning is: P0. We can define our own planning documents.

Define the number range for planning documents: path same as above: TC: GB02

Select the document check box>go to menu item

interval>insert> Give company code and continue

Click on insert button

Give the fiscal year and number interval and save the data.

Set the planner profile: path: accounting-profit center accounting- planning-set planner profile: TC: 7KEP

Give the planner profile: sap 800 or sap 801and save

the data. **Planning of costs/revenues: path is**

same as above: TC: 7KE1 Give the version

From period and to

period Fiscal year and

company code

Profit center or group and account number or

group for planning Give the profit center and the

amount to plan and save the data. Go and verify

the data.

Planning allocations can also be done as part of period end closing by defining the different allocations methods.

CHAPTER 15

Investment Module

Over view of Investment Module:

Investment management refers to planning and managing of investments in long term activities. The long term investments may be for the purpose of creation of fixed assets for internal purposes, or may be an execution of job works and also investments in big projects. To manage theses type of investments we should have a definite plan, budget and control over these types of investments. The efficient management of long term investments will make the organization strong and highly solvent as well. Hence each organization pays high priority attention to take care of such long term investments. Long term investment definitely draws attention of planning, budgeting and work flow as per predefined set parameters for the investment.

To accomplish such high priority attentions sap has evolved one component
i.e. investment management module. This application component will take of all the requirements for efficient management of investments. In sap the investment module is cross functional module. It has linkup with the finance module and controlling as well. EX: If the investments made in fixed assets for the organization, it is linked to asset accounting module and internal order module. To under stand the investment module we must have idea about asset accounting, general ledger accounting, and internal orders also.

In sap the investment management has 4 components.

1. Appropriation requests.
2. Investment programmes,
3. Investment as internal orders.
4. Investments as projects.

Appropriation requests:
The process of accepting the investment measures in advance to implement the programme. Generally investment management involves high cost and longer gestation period. For that we require approvals in advance for the investments. In the process of approvals management, different authorized people are involved.

The configuration requirements for these processes are embedded in the appropriation request configurations.

Investment programmes:
A structured capital budget programmes for producing fixed assets and long term services are called a investment programme. An Investment programme consists of different capital budget programmes. Definition of Investment

programme is the back bone configuration of investment programme management.

Investments as internal order:
A long term investment may some times consider as an internal orders. Generally in case of make to order type industries, this type of investment management will be considered. Some times in house production of fixed assets also can be considered as investment as internal orders. We have already dealt this topic while discussing internal order management Settlement transactions to AUC through internal orders. For this purpose we have to define investment profiles separately and asset class as investment measure.

Investment as projects:
When we are investing the funds for longer period and the scope of the investment is also for high in volume such investment are called as separate projects. We have to treat such projects as separate module as project systems. We will discuss the first and second configuration as over view only.

Investment programme:
The core component of configuration in investment programme is the definition of Investment programme type. However, if you want to define the investment programme type the following configurations are pre requisites.

1. Planner profile
2. Budget profile
3. Status profile. We can define these profiles or we can use the system defaulted profiles.

Besides the above some other configurations are required to define the programme types.

1. Person responsible,
2. Reasons for investment,
3. Priority
4. Investment scope.

Define planning profile for investment:
Path: investment management-investment programme-planning in programme-cost planning-

maintain planning profiles. TC: OIP1 Click on new entries button;
Give the planner profile

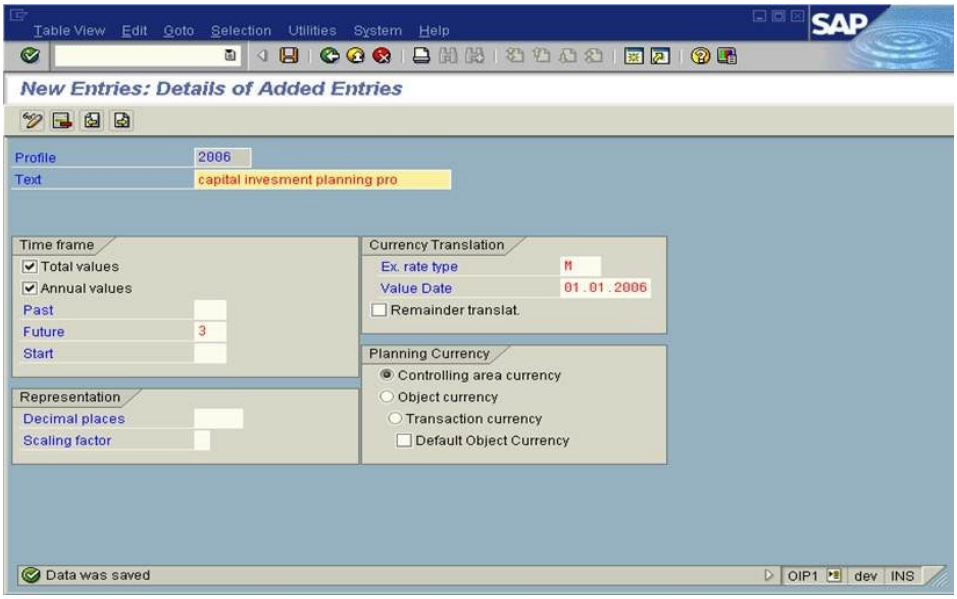


Figure 305

Give the description of the profile Select total values and annual values.

Give the no. of years required for future planning

Keep the start as null only. Give the exchange rate type and validity period Select the planning currency and save the profile.

Define budget profile:
Path: same as up to investment programme>budget programme>define budget profile for investment type: TC: OIB1

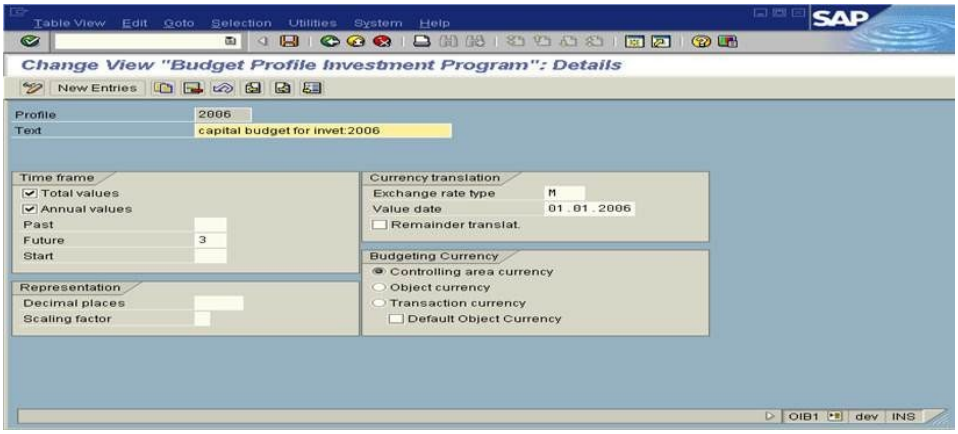
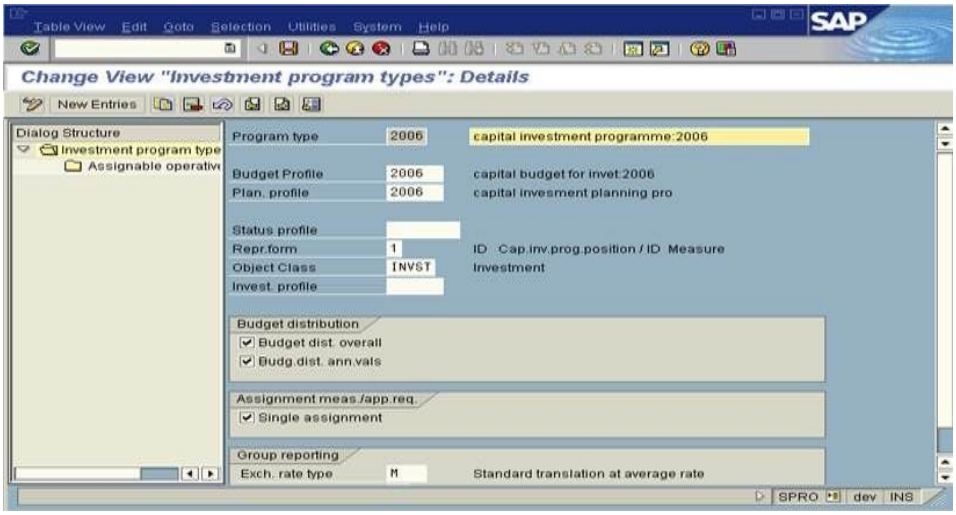


Figure 306

Define investment programme type:
Path: investment management-investment programmes-master data- define programme type:



TC: OIT3

Figure 307

Give the programme type name: 2006

Give budget profile and plan. profile; 2006 and give the rest of the details as mentioned and save the data.

Select the programme type and

Double click on assignable operative objects and give the object and press enter and save the data.

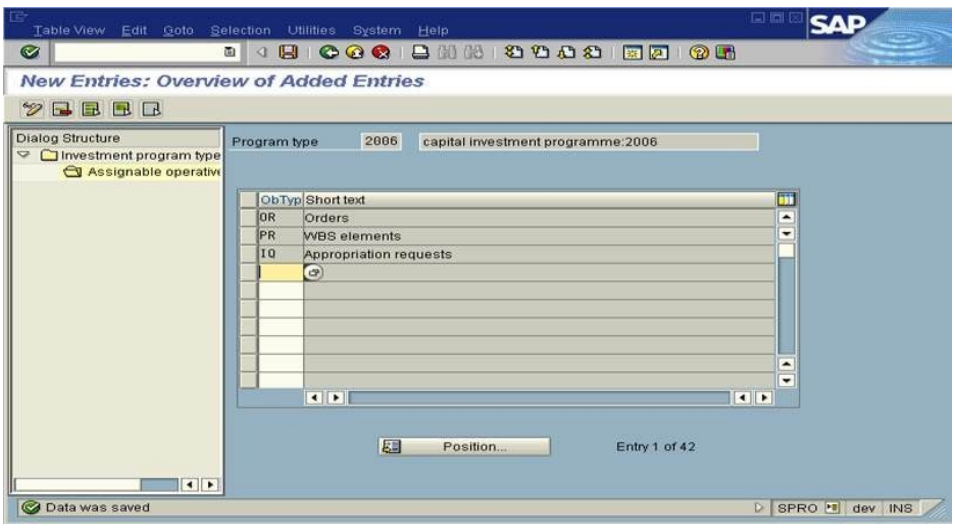


Figure 308

We can assign the objects through which this investment programme allows the objects. Assignment of objects to investment programme is the main integration point in investment module.

Orders and projects are the important investment measure to scale the investment management. Appropriation request is pre qualification activity for any investment programme.

Define responsible person: path: investment management-investment programmes-master data-allowed values for creation of master data- define person responsible: TC: OPS6

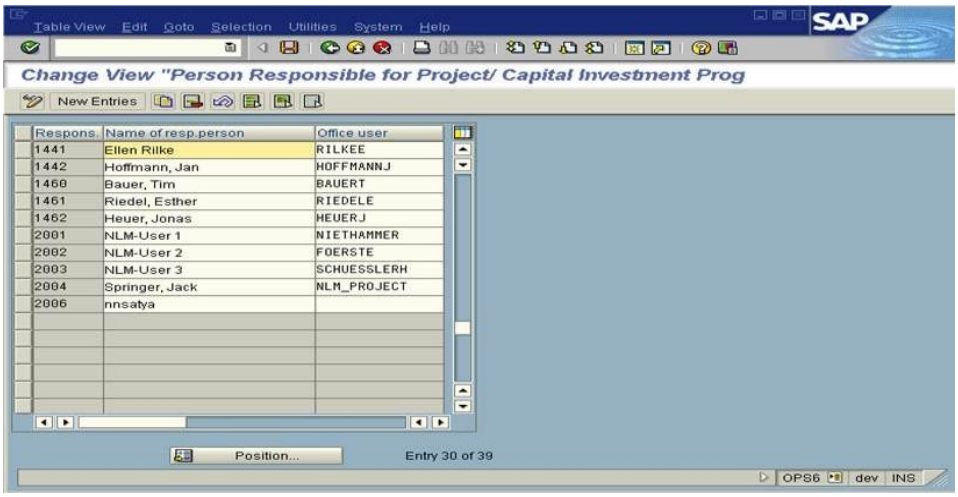


Table View Edit Goto Selection Utilities System Help
SAP
Change View "Person Responsible for Project/ Capital Investment Prog
New Entries
Respons. Name of resp.person Office user
1441 Ellen Rilke RILKEE
1442 Hoffmann, Jan HOFFMANNJ
1460 Bauer, Tim BAUERT
1461 Riedel, Esther RIEDELE
1462 Heuer, Jonas HEUERJ
2001 NLM-User 1 NIETHAMMER
2002 NLM-User 2 FOERSTE
2003 NLM-User 3 SCHUESSLERH
2004 Springer, Jack NLM_PROJECT
2006 nnsatya
Position...
Entry 30 of 39
OPS6 dev INS

Figure 309

Give the user id and name and save.

Define reasons for investment: path is same as above: TC: Click on new entries give : 2 character code : sa and description and save the data.

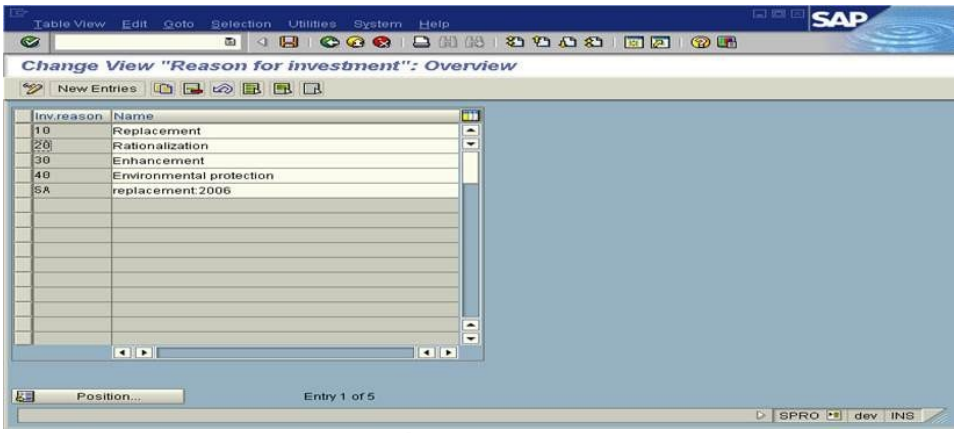
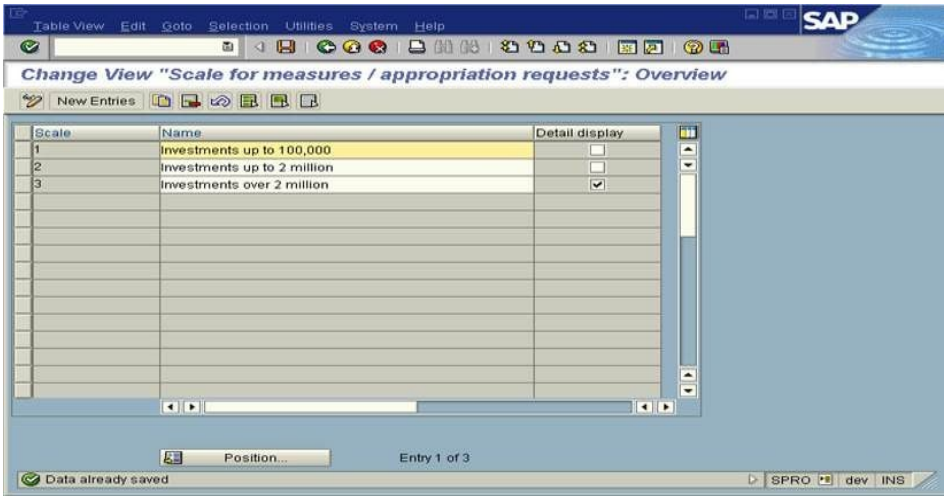


Figure 310

Define priorities: path is same: we can use the defaulted priority codes for the project

Define the scale of the project: path is same: in this configuration we set the cost of the project fall



within the category specified

Figure 311

Define investment programme definition:
Path: accounting-investment management-programmes-master data- investment programme definition: IM01 create:

Give programme name: plant2008
Approval year: 2006(current year in which the investment begins) Give the programme type: 2006(press f4 for help) <enter>
Give the description of the programme name: investment in plant 2008

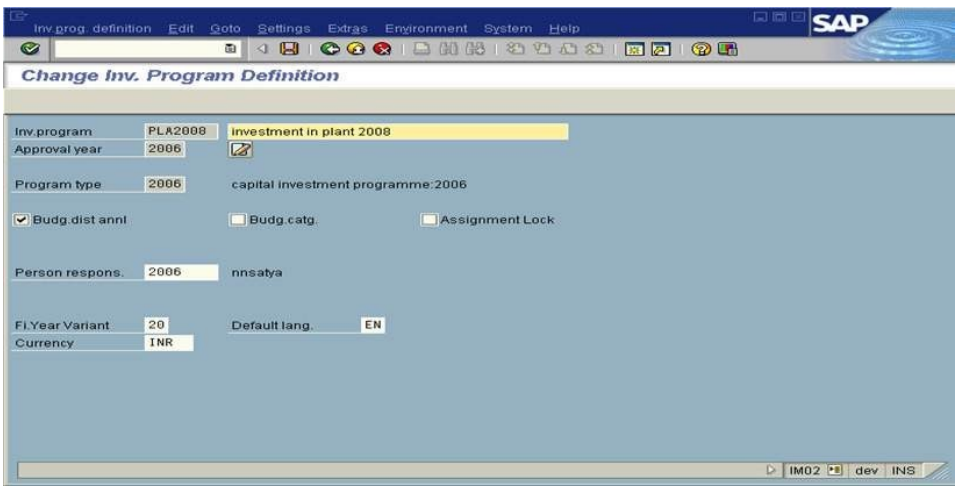
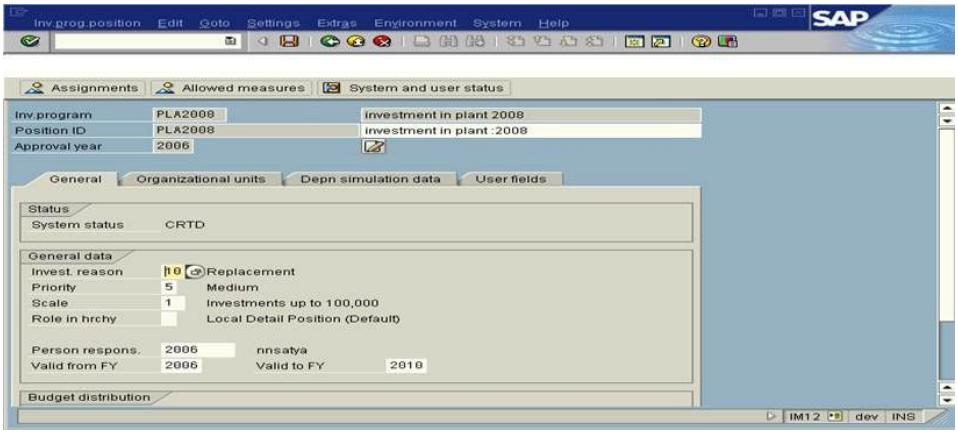


Figure 312

434

Select the budget distribution rule:
Give person responsible name fiscal year variant and currency and language. Press enter and save the data.

Definition of programme position ID: path: investment management- programmes-master data-investment programme postion-IMI1 creates top position:
Give the investment programme
id: pla2006 And give the position



id: pla2006<enter>

Figure 313a

Give the general data and click on organization units tab button give details as under

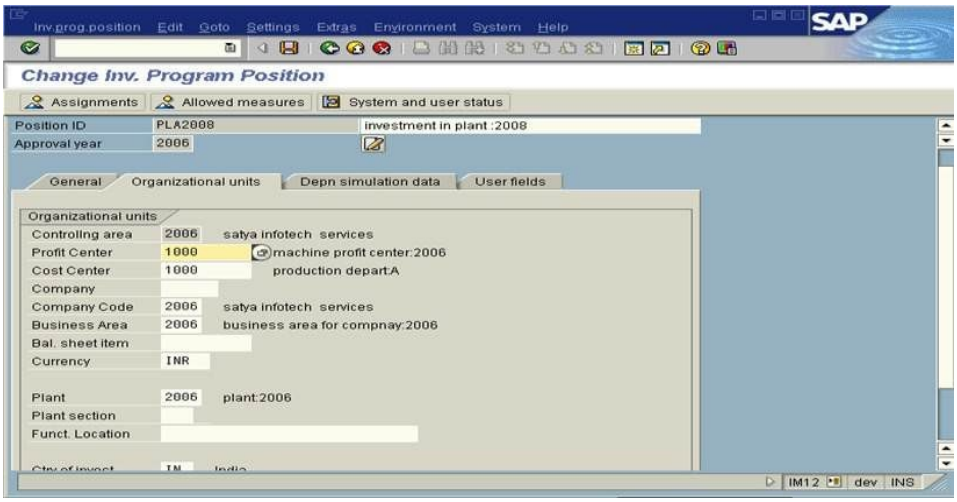


Figure 313b

Assign the organizational units and save the data.

Like the way we have to create the total investment programs, and their Position ids now we can define the structure of investment programme.

Define investment programme structure:
Path: investment management-programme-master data-investment programme structure: TC:IM22 change:

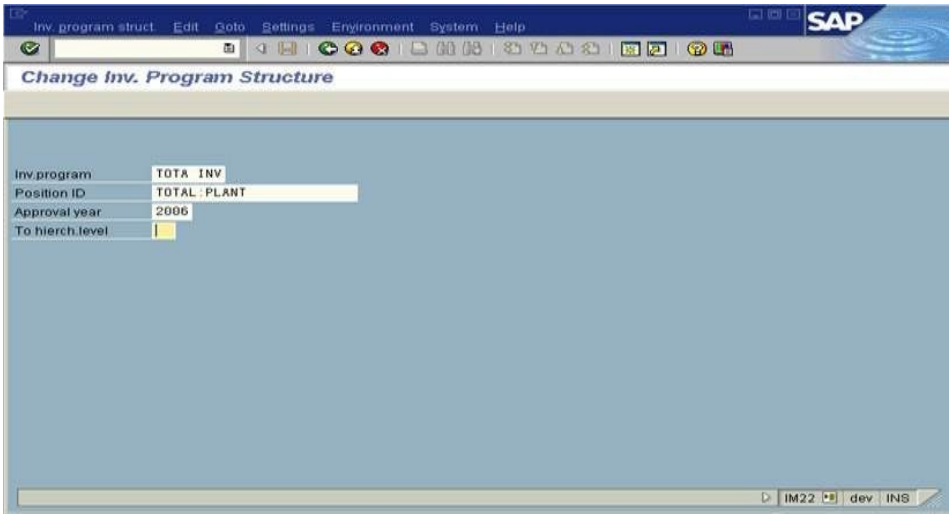


Figure 314a

Give the investment programme name: give the highest node (as total) Give the programme position name: Approval year; and press enter:
Keep the cursor on the description:
Click on new entries button: the screen appear like this give the investment programmes to be assigned to this node;

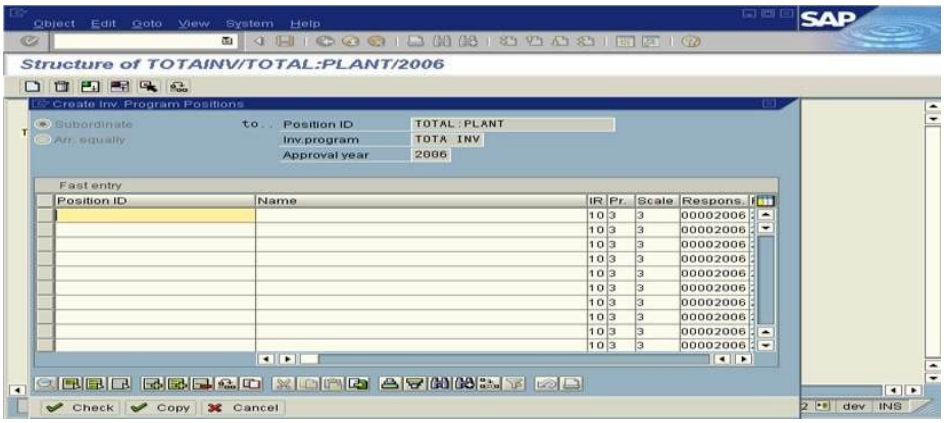


Figure 314b

Give the position ID and description and ensure the details from the investment programme definition. After giving all the programmes the structure will appear like this.

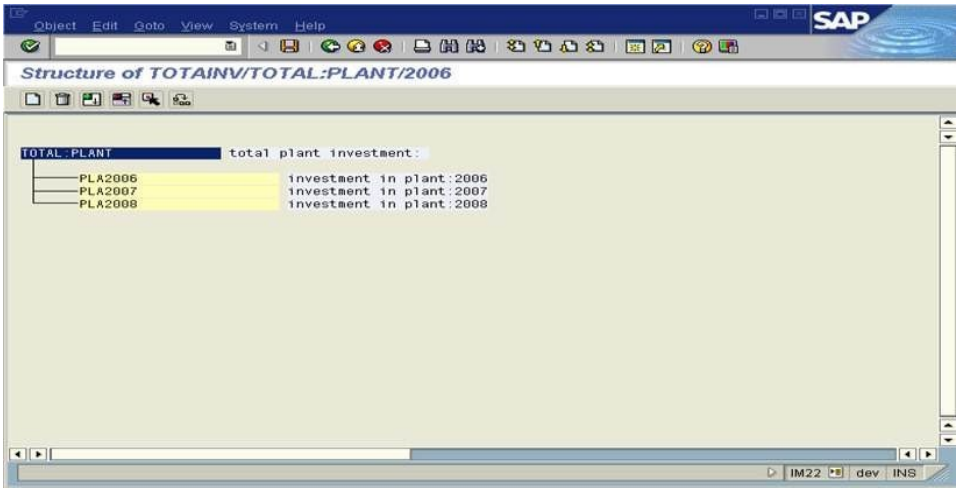


Figure 315

Keep the cursor on the lower level; and create further lower structures if required (and progrmme definition and position id should be defined in advance)

With this we created an investment structure; now we can go planning of investment programmes.

Investment programme planning: path: investment management- programmes-progrmme planning-IM35 edit

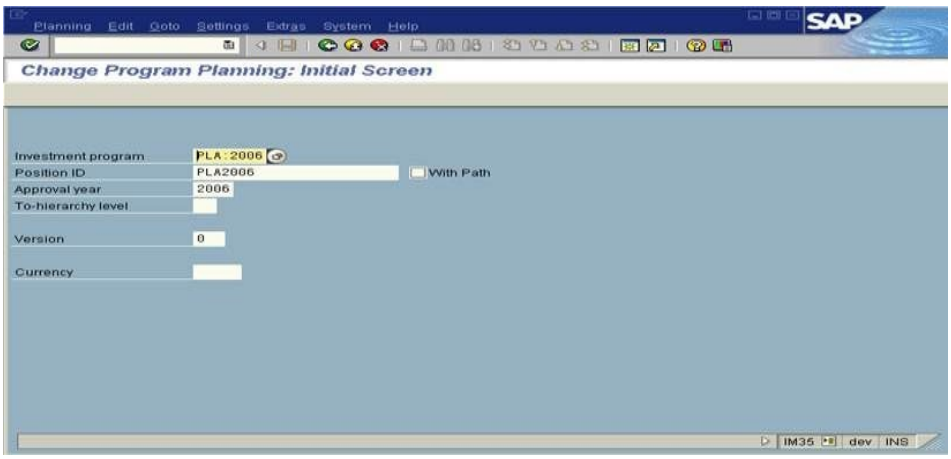


Figure 316

Give the investment programme name:
Position ID no:
Approval year and version and currency
and <enter> Give the planning figures

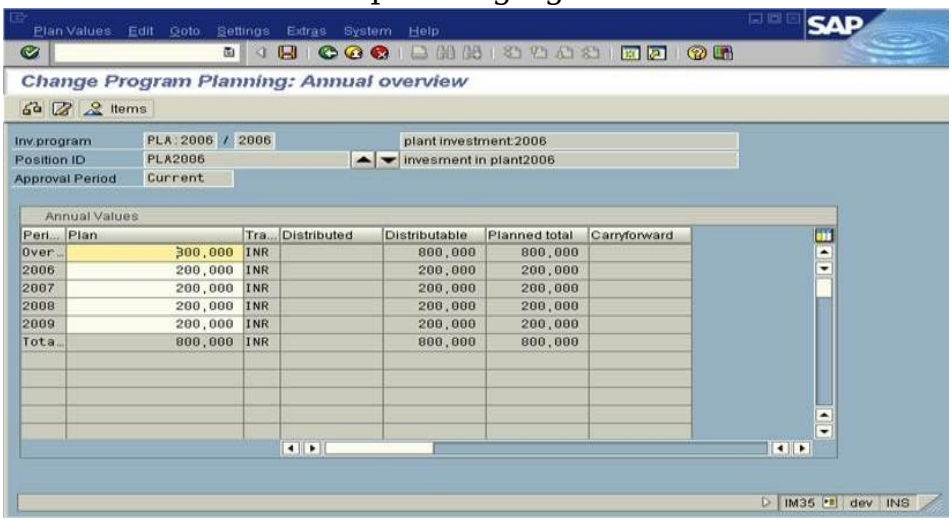

Plan Values Edit Goto Settings Extras System Help
SAP
Change Program Planning: Annual overview
Items
Inv.program PLA:2006 / 2006 plant investment:2006
Position ID PLA2006 invesment in plant2006
Approval Period Current
Annual Values
Peri... Plan Tra... Distributed Distributable Planned total Carryforward
Over... 800,000 INR 800,000 800,000
2006 200,000 INR 200,000 200,000
2007 200,000 INR 200,000 200,000
2008 200,000 INR 200,000 200,000
2009 200,000 INR 200,000 200,000
Tota... 800,000 INR 800,000 800,000
IM35 dev INS

Figure 317

We can plan for each programme.

We can budget for the investment programme:
investment management- programmes-budgeting-edit original budget
Give the budget values and save the data.

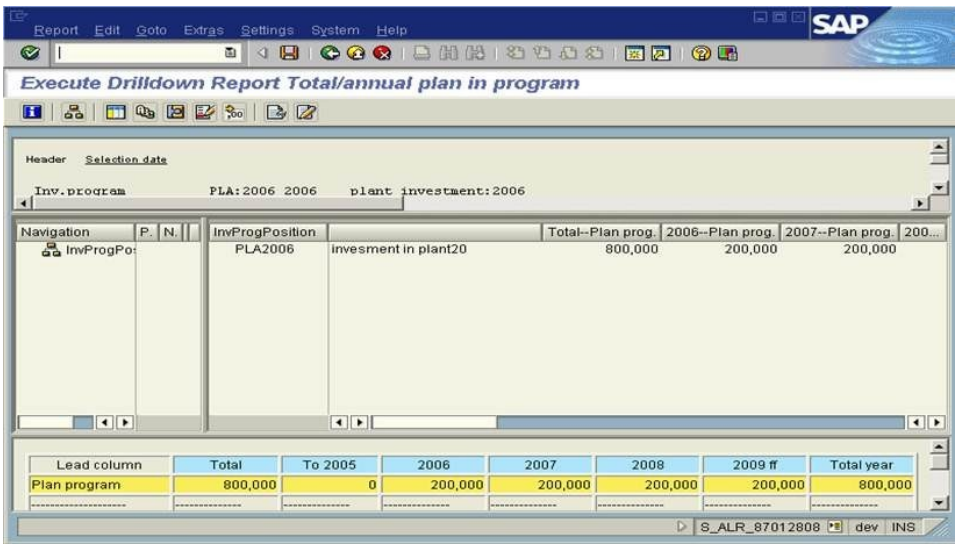

Report Edit Goto Extras Settings System Help
SAP
Execute Drilldown Report Total/annual plan in program
Header Selection date
Inv.program PLA:2006 2006 plant investment:2006
Navigation P.. N..
InvProgPo:
InvProgPosition Total--Plan prog. 2006--Plan prog. 2007--Plan prog. 200...
PLA2006 invesment in plant20 800,000 200,000 200,000
Lead column Total To 2005 2006 2007 2008 2009 ff Total year
Plan program 800,000 0 200,000 200,000 200,000 200,000 800,000
S_ALR_87012808 dev INS

Figure 318

Verification of report for investment programme: information system- investment management report-programmes current data-planned values-s_alr_87012808 planned and overall values.

Investment programs can be deleted by the user: path: investment management-programmes-environment-current settings-delete programmes: s_alr_87003576.

We can delete the investment programmes if there is no plan or budget data.

CHAPTER 16

Miscellaneous Topic

BUSINESS SCENARIO:

A COMPANY HAS IMPLEMENTED THE SAP WITH FI MODULE ALONG WITH OTHER MODULES. CONTROLLING MODULE IS NOT IMPLEMENTED DURING THE PERIOD.AFTER SIX MONTHS IN THE MIDDLE OF STABLIZATION THE COMPANY WANTED TO IMPLEMENT THE CONTROLLING MODULE. IT IS DECIDED TO POST ALL THE ENTRIES POSTED IN THE PAST ARE ALSO TO BE POSTED IN THE CONTROLLING COMPONENT TO ARRIVE THE ACCURATE REPORTS FOR THIS YEAR. CAN WE POST THE DOCUEMNTS PRIOR TO THE CREATION OF CONTROLLING AREA? HOW DO WE POST THE TRANSACTIONS IN SAP?

Solution:

In Sap there is a functionality of follow up postings. With this functionality we can post the documents created in other application components prior to the creation of controlling area. However, the validity period of the different masters and assignment of controlling objects should be on par with the application components for posting of follow up postings.

Path: controlling-general controlling-production start up preparation- follow up posting-post follows up from financial accounting documents. TC: OKBA.

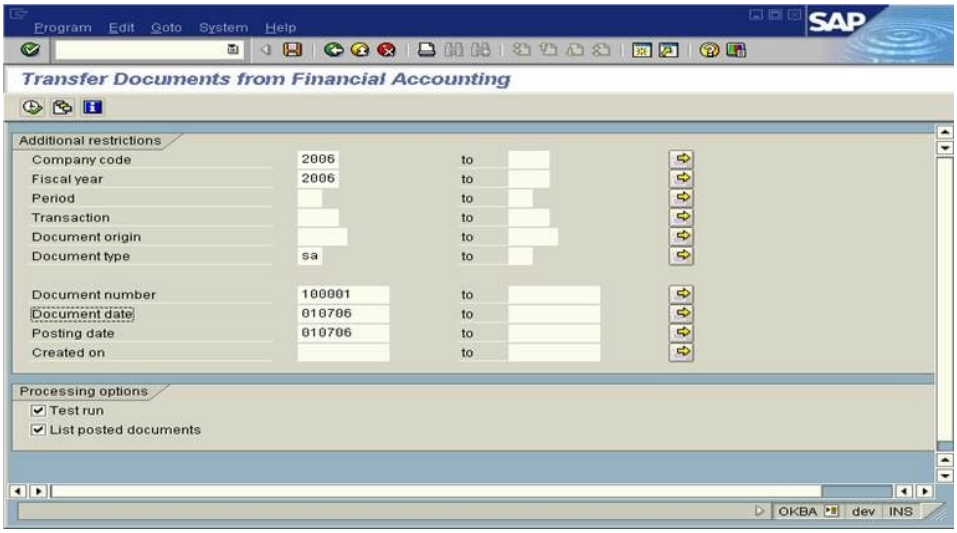


Figure 319

The document was posted in FI on 01.07.06 before creation of controlling area.
Now posted in controlling on 15.10.06 Give the details as above
Delete the test run button and execute
Verify document in controlling area: and verify the cost center report for the postings.

We can post the follow up posting from MM and SD application components. We can post the down payments also as follow up posting.
The follow up posting can be done in respect of reconciliation ledger postings also.

Delete the test data: while making the configurations, we might have created so many postings, and ensure the integration tests. The test data should be deleted before going for the live environment.
Path: controlling-general controlling-production start up preparation- delete test data TC: OKC3
Give the controlling area:
And execute the report:
If you delete the test run button, system asks for conformation of deletion Press yes for deletion
System deletes the transaction data.
After deleting the transactional data we can delete the cost centers, cost elements, activity types and orders, and business process

PERIOD END CLOSING ACTIVITIES:
This is one of the regular tasks in the production environment. The period end closing activities are defined as the regular periodical tasks to be executed at predetermined period intervals. In each application component or activity this period end closing activity is a routine process. The period end closing can be done by manual or by automatically through the help of Schedule Manager. I would like to give the gist of activities which can be considered a s period end closing activities.

Finance Module:
Daily period end closing activities:
1. Verification of cash balance;

2. Ensure the daily postings are accounted for properly
3. Payment of due bill of exchanges and follow up for due receivables and bill of exchanges.

4. Verification of vouchers with the generated reports.
5. Executing the automatic payment programme if it is the payment day.

Monthly period end closing activities:

1. Open and close of posting period in the beginning of the month.
2. Posting of Recurring entries at the defined period intervals.
3. Accrual/deferral of postings at the predetermined as per the project.
4. Depreciation in Asset accounting component (if it is monthly selection)
5. Interest postings for GL accounts and open items.
6. Auc settlement
7. List of open items and list of bill of exchanges account statements for customers and vendors.
8. Execution of automatic payment programme if required.
9. Generating dunning notices for the vendor and customer balances if pre determined.
10. Monthly evaluation of Business area reporting; if followed
11. Foreign currency valuations
13. Tax payments and reporting for the month
14. Final reporting for generating financial statements.
15. Internal reports for the management for strategic decision making.

CONTRLLING: MONTH END CLOSING ACTIVITIES:

1. Month end preliminary reports
2. Month end allocations, distribution of expenses for cost centers, through various methods if defined.
3. Settlement of internal orders
4. Locking of business transactions if required.
5. Cost center profitability analysis and Allocations based on activity based costing.
6. Monthly allocation of planning figures if planned like that.
7. Follow-up postings to reconciliation ledger in controlling.

8. Posting of periodic transfer of balances to Profit center accounting if followed.

Other Modules: in HR: pay rolls postings
In MM module: closing of material master and Maintain Gr/Ir clearing accounts.
In SD module: verification of Goods issue and Invoice issue postings are exactly generated in respect of all events for the month.

YEAR END CLOSING ACTIVITIES:
FINANCE MODULE:

1. Open and close of new fiscal year.
2. If number range is year specific transport the new number ranges for the next year.
3. Balance carries forward open items, assets as opening balances;
4. Balance confirmations form vendors, customers, and bank balances,.
5. Inventory valuations and defining new material cost estimates.
6. Asset depreciation for the year. And valuations if required
7. GR/IR account reconciliation.
8. Regrouping of receivable and payables,
9. Making provisions for doubtful receivables and payables.
10. Verify the asset history sheets.
11. Verify the Balance audit trail and
12. Final adjustments for balance sheet.
13. Final tax adjustments and cenvat adjustments
14. Misc settlements, allocations, apportionments, and so on.

Audit information system:
This is the basic concept to learn as the end user of the company in which sap implementation is completed. This will enable the company people to follow the Audit requirements in new environment. The Audit Information system will give the over view about the auditing in sap environment. The audit in SAP environment can be segregated as different views. We can select the requirement and can know the specifications for the audit programme. If the company people is aware of this manual and can surpass the uphill task of auditing in the early years of Implementation so easily. The Audit

Information system is a tool to improve quality of audit environment.

Path: sap easy access screen>information systems>audit information systems SECR

Select the audit either complete audit or user

defined audit Give the view (for help press f4)

and execute button

The screen appears as under.

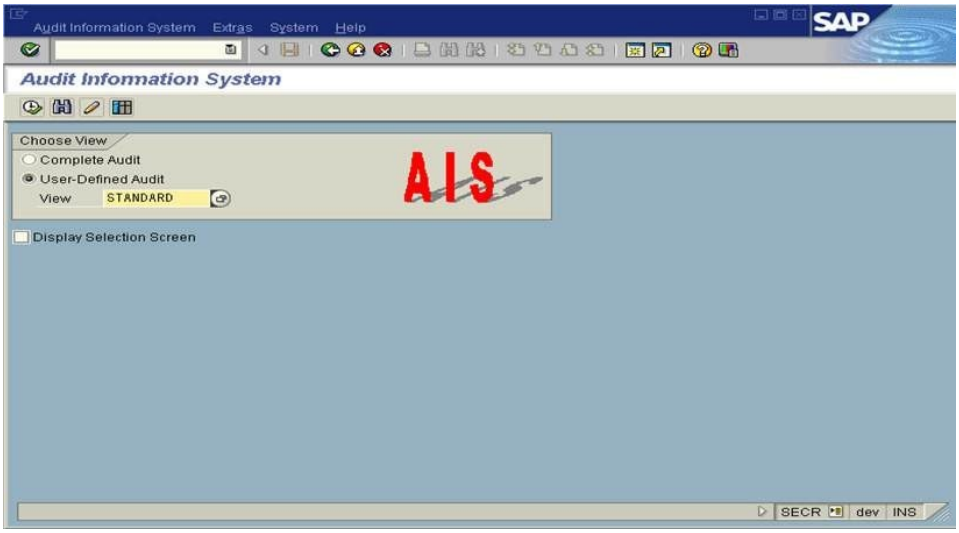


Figure 320

The total Audit information system has been classified into 3 parts;

1. Introduction
2. System audit
3. Business audit.

System audit shows the total system parameters, authorizations and other system related aspects and configurations during the conversion period.

Business audit relating to the organizational units' configurations, transactional data configurations. It can be considered as comprehensive audit. The first audit can be termed as conversion audit. And the scope of the conversion audit is to check all the areas relating to new environment and their authenticity and proper authorizations in the system.

The total audit information system has made into several fragments to facilitate easy understanding of the concept.

We can study them in detailed relating to our work area in real time.

During the preparation of this book I referred the following books.

1. SAP study material
2. Configuring SAP R/3 FICO by David Nowak and Quentin Hurst
3. SAP R/3 methods and tools by Springer.
4. SAP help desk
5. SAP information available in various internet web services.
6. Various issues shared with different sr.consultant.

IMPORTANT TRANSACTION CODES:

General settings:

Sl. No.	Description	Transaction code
1	Define country	OY01
2	Set country specific checks	OY17
3	Define regions	OVK2
4	Check currency codes	OY03
5	Check exchange rate types	OB07
6	Define translation ratio for currency pairs	OBBS
7	Enter exchange rates	OB08
8.	Maintain exchange rate spreads	OBD6
9	Define rounding rules for currencies	OB90
10	Maintain calendar	SCAL

Enterprise Structural units and global settings:

Sl. No.	Description	Transaction code
1	Assign company code to company	OX16
2	Assign company code to credit control area	OB38
3	Assign business area to consolidated business area	OBB6
4	Assign company code to FM area	OF18
5	Assign controlling area to FM area	FC11
6	Define financial management area	OF01
7	Maintain consolidated business area	OCC1

Assignment of organizational Units:

Serial number Description Transaction code

Sl. No.	Description	Transaction code
1	Assign company code to company	OX16
2	Assign company code to credit control area	OB38
3	Assign business area to consolidated business area	OBB6
4	Assign company code to FM area	OF18
5	Assign controlling area to FM area	FC11
6	Define financial management area	OF01
7	Maintain consolidated business area	OCC1

Global settings in financial accounting:

Sl. No.	Description	Transaction code
1	Define fiscal year variant	OB29
2	Assignment of fiscal year variant to company code	OB37
3	Define posting period variant	OBBO
4	Open and close posting period variant	OB52
5	Assign posting period variant to company code	OBBP
6	Define document type	OBA7
7	Define number ranges for document types	FBN1
7.a	Copy number ranges from company to other company	OBH1
7.b	Copy number ranges from year to year	OBH2
8	Maintain field status variant	OBC4
9	Assign field status variant to company code	OBC5
10	Define posting keys	OB41
11	Define tolerances for employees	OBA4
12	Define tolerances for GL accounts	OBA0
13	Define validations for GL documents	OB28
14	Define line lay out for document changes/display	O7Z1
15	Define GL fast entry screen variant	O7E6
16	Define max.exchange diff per company code	OB64
16.a	Define maxi.exchange diff per foreign currency	OBBF
17	Enable fiscal year default	OB63
18	Enable value date default	OB68
19	Define account assignment model document screen variant	O7E3
20	define recurring entry run schedule	OBC1
21	Change the posting date of parked document	OBD1
22	Archiving of documents	OBR1 OBR2
23	Enter Global Parameters	OBY6
24	Define multiple currencies	OB22
25	Set company code to productive	OBR3

Taxes on sales and purchases

Sl. No.	Description	Transaction code
1	Define calculation procedure	OBYZ
2	Assign country to calculation procedure	OBBG
3	Define account access keys	OBCN
4	Define tax jurisdictions	OBCO
5	Define tax codes for sales and purchases	FTXP
6	Define tax accounts	OB40
7	Assign tax codes for non taxable transactions	OBCL

General Ledger accounting:

S. No.	Description	Transaction code
1	Define chart of accounts	OB13
2	Assign chart of accounts to company code	OB62
3	Define account group	OBD4
4	Define retained earnings account	OB53
5	Define rules type for sample account	OB15
6	Define data transfer rules	FSK2
7	Assign company code to rule type	OB67
8	Create sample account	FSM1
9	Creation of GL account	FS00
10	Copy GL accounts for chart of account data	OBY7
11	Copy GL accounts for company code data	OBY2
12	Transport of chart of accounts	OBY9
13	Delete GL account	OBR2
14	Delete chart of account	OBY8
15	Define sort key	OB16
16	Define line lay out	O7Z3
17	Define line lay out for open item processing	O7Z4
18	Define work list for display balances	OB55
19	Define accounts for exchange rate differences	OB09
20	Prepare cross company code transactions	OBYA
21	Define interest indicator	OB46
22	Define general settings for interest scale	OBAA
23	Define reference interest rates	OBAC
24	Define interest rates for reference rates	OB83
25	Define time dependant terms	OB81
26	Automatic determination of GL accounts for inters	OBV2
27	Define foreign currency valuation methods	OB59
28	Define financial statement version	OB58
29	Data transfer work bench	SXDA

Asset Accounting:

Sl. No.	Description	Transaction codes
1	Copy chart of depreciation from reference chart of depreciation	EC08
2	Assign chart of depreciation to company code	OAOB
3	Define number range interval for assets	AS08
4	Define asset classes	OAOA
5	Assign GL accounts	AO90
6	Determine depreciation area to asset class	OAYZ
7	Define multi level method of depreciation	AFAMS
8	Define Depreciation Key	AFAMA
9	Define screen layout for asset master	AO21
10	Creation of asset master record	AS01

Accounts receivables and Accounts payables:

Sl. No.	Description	Transaction code for accounts Receivables	Transaction code for accounts payables.
1	Define account group with screen layout	OBD2	OBD3
2	Define number ranges for account groups	XDN1	XKN1
3	Assign no. ranges to account groups	OBAR	OBAS
4	Define screen layout for company code specific request	OB21	OB21
5	Define screen layout for activity wise	OB20	OB20
6	Define industries	OB44	OB44
7	Create master records	FD01	FK01
8	Define payment terms	OBB8	Same
9	Define installment payment terms	OBB9	Same
10	Define account for net procedure	OBXA	OBXA
11	Define accounts for discount granted/taken	OBXI	OBXU
12	Define accounts for over payment and under payment	OBXL	same
13	Define accounts for exch. diff	OB09	Same
14	Define accounts for bank charges	OBXK	Same
15	Define reason codes for payment differences	OBBE	Same
16	Define tolerances for vendors and customers	OBA3	Same
17	Automatic payment programme	FBZP	FBZP
18	Make central settings for payment	CCF1	
19	Define accounts for cash clearing ac	CCAA	
20	Define dunning procedure	FBMP	
21	Define dunning area	OB61	
22	Define dunning key	OB17	
23	Down payments received/made	OBXR	OBYR
24	Define alternative reconciliation ac for bill of exchanges account	OBYN	OBYM
25	Define accounts for bill of exchange transactions	OBYH	-
26	Define sub accounts for discounting	OBYK	-

Bank accounting:

Sl. No.	Description	Transaction code
1	Define house Banks	FI12
2	Define lock boxes in house banks	OB10
3	Define cash journal account	CJC0
4	Define no. range interval of cash journal ac	CJC1
5	Define business transactions	CJC2
6	Set up print parameters for cash journal	CJC3

Controlling-organizational units:

Sl. No.	Description	Transaction codes
1	Define controlling area	OKKP
2	Define operating concern	KEP8
3	Define number ranges for controlling documents	KANK
4	Maintain planning versions	OKEQ
5	Define validations in controlling	OKC7
6	Define substitution	OKC8
7	Follow up posting of finance documents, MM and SD	OKBA,OKBB,OKBC
8	Creation of cost elements manually	KA02
9	Creation of cost elements automatically	OKB2, OKB3,Sm35
10	Creation of secondary cost elements	KA06
11	Creation of cost element groups	KAH2
12	Creation cost center standard hierarchy	OKEON
13	Creation of cost center	KS01
14	Cost center groups	KSH3
15	Cost center categories	OKA2
16	Define activity type	KL01
17	Create activity type group	KLH2
18	Define statistical key figure	KK01
19	Define skf groups	KBH2
20	Define order types	KOT2
21	Maintain number ranges for orders	KONK
22	Creation of order master data	KO01
23	Maintain standard hierarchy for activity based costing	OKW1
24	Maintain business processes master record	CP01
25	Maintain BP group	CPH2
26	Define costing variant	OKKN
27	Define work centers	CR01
28	Define routings	CA01
29	Define bill of material	CS01
30	Define overhead groups	OKZ2
31	Define costing sheets	KSZ2
32	Maintain characteristic fields	KEA5
33	Maintain value fields	KEA6
34	Set operating concern	KEBD
35	Define no. ranges for profitability document	KEN1
36	Activate profitability analysis	KEKE
37	Create profitability report	KE31
38	Maintain controlling area settings for PCA	OKE5
39	Set control parameters for	1KEF
40	Create dummy profit centre	KE59
41	Create profit center	KE51
42	Profit center groups	KCH1
43	Assignment monitor	1KE4
44	Set controlling area	OKKS
45	To know the path through transaction code	Search_sap_menu Search_user_menu